

# Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

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London, Tuesday, March 9, 1999

No. 36,084

## U.S. to Drop Antitrust Case Against Chipmaker

**Settlement Ends Dispute Over Sharing of Intel's Product Innovations**

By Mitchell Martin  
International Herald Tribune

NEW YORK — The U.S. government is planning to drop its antitrust case against Intel Corp., both parties announced Monday after they reached a tentative but undisclosed settlement in the case a day before hearings were to begin.

The chipmaker and lawyers for the Federal Trade Commission submitted a joint motion to the commission's secretary to withdraw the administrative case, which was filed in June. The four members of the regulatory agency must ratify the settlement before it can take effect, but they are expected to do so.

The settlement ends a government case that covered complaints against Intel by three companies — Compaq Computer Corp., Digital Equipment Corp. and Intergraph Corp. — but a separate and broader investigation of the chipmaker will continue, Chuck Mulloy, a spokesman for the company, said from Washington.

Intel's stock rose \$5 Monday, to close at \$119.625, a sign that investors see the settlement as at least a partial victory for the company.

The case against Intel was narrower than the Justice Department's action against Microsoft Corp., and the relief the government was seeking was far less than the potential sanctions against the software maker. There was no talk of breaking up Intel, as has been proposed if the government prevails against Microsoft; instead the government simply sought to force Intel to drop an aggressive tactic used against putative allies.

At issue was Intel's refusal to provide information about its new technology to companies that sued it over patent disputes. Intel said it had the right to do this; the government said it did not.

Robert McManamy, a partner in the law firm Carter Ledyard & Milburn, which unsuccessfully defended the Standard Oil Trust in 1911, said he thought Intel was "100 percent in the right," adding that antitrust laws do not "require that you feed the hand that bites you."

The Intergraph charges seemed the strongest part of the government's case. Intel settled its dispute with Digital in October 1997 by buying that company's semiconductor operations. Compaq, which acquired the rest of Digital last year, would have trouble showing much harm from Intel's actions, in which the chipmaker sided with Packard Bell Electronics Inc. in a patent dispute.

But Intergraph has seen its stock fall from more than \$19 a share in 1996 to about \$6, and its sales last year fell 3 percent. It contended that Intel convinced it late in 1993 to exclusively use Intel's chips in its workstations, powerful computers used for professional applications such as architecture and engineering.

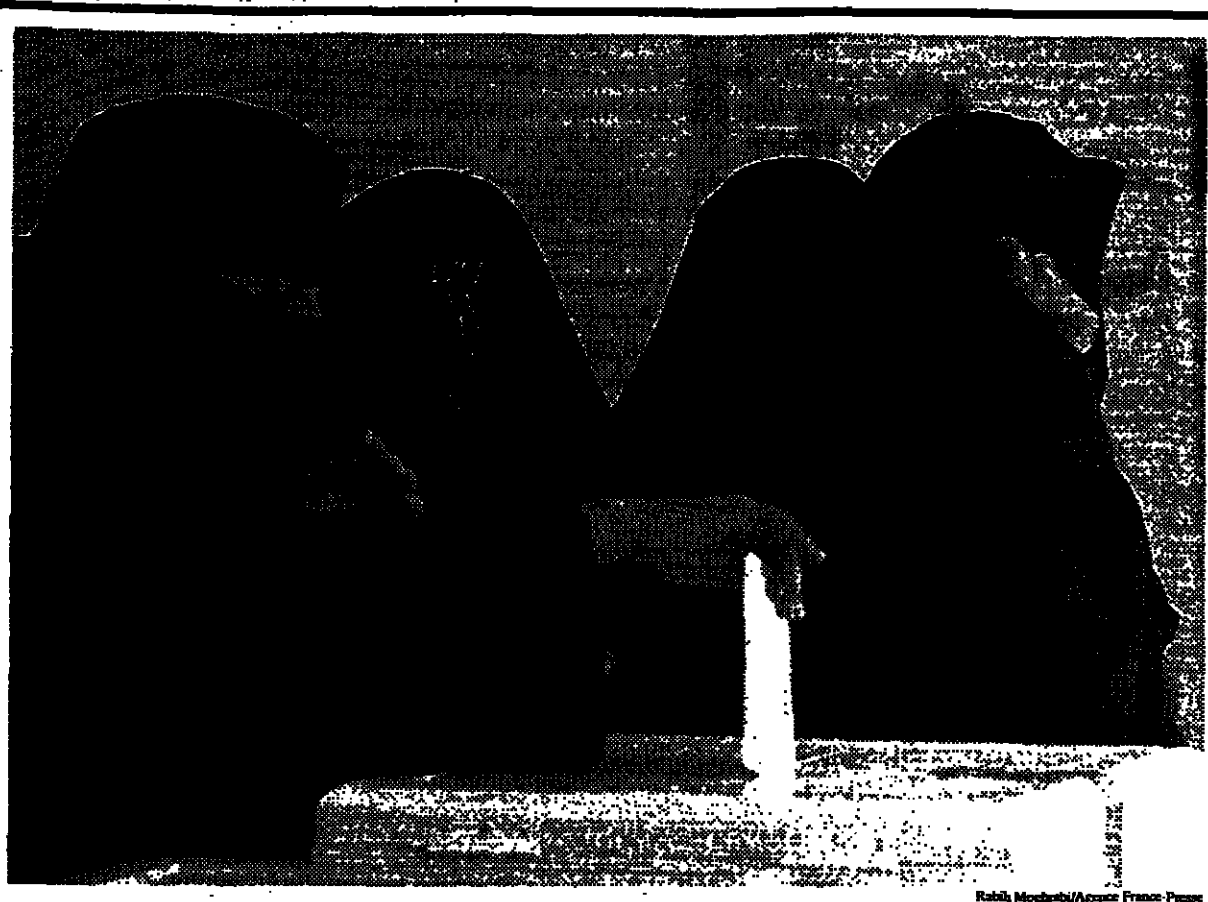
As part of that accord, the companies

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The Dollar			
	Monday @ 4 PM	previous close	
Euro	1.0885	1.0833	
Pound	1.808	1.8067	
Yen	121.585	122.75	
DM	1.7969	1.8056	
FF	6.0265	6.0552	
Dollars per pound and per franc			
The Dow			
	Monday close	percent change	
Dow	9,727.61	-0.09%	
S&P 500	4.47		
Nasdaq	1,281.94	+0.51%	
	60.51	2,397.82	+2.59%

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BADEN-WÜRTTEMBERG		
The IHT on-line		www.ihl.com

Newstand Prices	
Bahrain	1,000 BD 55 c
Cyprus	€ 1.00 1,250 Naira
Denmark	17 DKr 10.00 OMR
Finland	12.00 FM 10.00 OMR
Gibraltar	€ 0.85 Rep. Ireland 10.00 OMR
Great Britain	UK £1.00 Saudi Arabia 10.00 OMR
Egypt	€ 5.50 S. Africa R16 10.00 OMR
Jordan	1,250 JD 10.00 OMR
Kuwait	1,250 KD 10.00 OMR
Kyrgyzstan	1,250 KGS 10.00 OMR
Lebanon	1,250 L.L. 10.00 OMR
Malaysia	1,000 RM 10.00 OMR
Mexico	1,000 P 10.00 OMR
Nigeria	1,000 N 10.00 OMR
Oman	1,000 R 10.00 OMR
Pakistan	1,000 P 10.00 OMR
Peru	1,000 S 10.00 OMR
Philippines	1,000 P 10.00 OMR
Poland	1,000 Z 10.00 OMR
Portugal	1,000 Esc 10.00 OMR
Romania	1,000 L 10.00 OMR
Russia	1,000 R 10.00 OMR
Saudi Arabia	1,000 R 10.00 OMR
Singapore	1,000 S 10.00 OMR
Slovakia	1,000 S 10.00 OMR
Slovenia	1,000 T 10.00 OMR
South Africa	1,000 R 10.00 OMR
South Korea	1,000 W 10.00 OMR
Spain	1,000 P 10.00 OMR
Sweden	1,000 Kr 10.00 OMR
Switzerland	1,000 F 10.00 OMR
Taiwan	1,000 N 10.00 OMR
Tanzania	1,000 Sh 10.00 OMR
Thailand	1,000 B 10.00 OMR
Turkey	1,000 L 10.00 OMR
Ukraine	1,000 H 10.00 OMR
United Arab Emirates	1,000 Dir 10.00 OMR
United Kingdom	1,000 £ 10.00 OMR
United States	1,000 \$ 10.00 OMR
Vietnam	1,000 D 10.00 OMR
Yemen	1,000 R 10.00 OMR
Zimbabwe	1,000 Z 10.00 OMR



**MAKING GULF HISTORY** — Women in Doha, Qatar, casting ballots Monday in a local election. It was the first time in a Gulf state that women had voted. Although few Qatari women drive cars or uncover their faces in public, six women were candidates in council elections — on International Women's Day.

## Russian Bank Said to Hide Billions

**Audit Shows a Vast Flow Abroad and Possible Misdirected Profits**

By David Hoffman  
Washington Post Service

MOSCOW — The Russian central bank sent billions of dollars of foreign currency reserves out of the country and into a secret offshore network during the past five years, and profits from the investments appear to have been concealed from the Russian authorities, according to an internal audit of the bank's activity.

Moreover, documents show, part of the hidden flow of money was clandestinely directed back into Russia's high-flying government Treasury bond market in 1996 in a move that may have been illegal.

The documents are part of an internal audit of the central bank for 1997. The audit has been disclosed to Parliament.

but the internal documents have not.

The documents, contents of which were disclosed to The Washington Post, suggest unorthodox and possibly risky management of Russia's foreign currency reserves between 1993 and last year, as Russia struggled with a difficult transition to a market economy.

A leading member of Parliament has raised further questions about whether the foreign currency reserves were used for private gain, although there is no evidence of who got the money.

In particular, the documents say that data about profits from the offshore investments are missing, that information was concealed from Russia's investigating authorities and that the central bank lacked control over billions of dollars it sent overseas.

The questions about the offshore net-

work come at an awkward time for Russia.

The government is hoping to persuade Western creditors to provide billions of dollars in further debt relief, and that decision could be complicated if it is established that earlier aid was misused.

Another unanswered question is how much Western donors may have known about the hidden flow of funds set up by the central bank, which has handled major infusions of aid from the International Monetary Fund.

At the same time, the central bank is facing renewed demands in Parliament to curb its independence.

The central bank has responded to questions about the issue with brief explanations and silence. Viktor Geraschenko, the current chairman, who

See RUBBLE, Page 8

## Blair Presses Case For Europe Force

**U.S. Can't Solve Every Crisis, He Says, Urging Quick Action**

By Joseph Fitchett  
International Herald Tribune

LONDON — Prime Minister Tony Blair pressed his call Monday for Europe to develop the military capability to handle a future crisis comparable to Kosovo without U.S. troops, urging allied governments to agree on

### Kosovars Accept Accord

Leaders of the Kosovo Liberation Army are said to have agreed to the terms of the peace deal negotiated in France and to have authorized signing it. Page 5.

plans for a European force within NATO in the next three months.

"We Europeans should not expect the United States to play a role in every disorder in our back yard," Mr. Blair said at a conference of U.S. and European policymakers ahead of the NATO summit meeting in Washington in April marking the alliance's 50th anniversary.

The timing of Mr. Blair's speech seemed to reflect British concern that the European initiative obtain U.S. endorsement at the summit talks. His speech also appeared to be intended to sustain support in Washington for U.S. involvement in the Kosovo crisis. Congressional critics have suggested that the time has come for the United States to stop solving problems that they say Europe should deal with.

Publicly setting a timetable for the joint British-French defense initiative for the first time, Mr. Blair said that he hoped that the plan for defense cooperation among European countries would win NATO backing in April in time to be finally adopted by the European Union in June.

European countries urgently need to develop the ability to undertake joint military action, he said, if Europe wants to gain political credibility and continue to be taken seriously as a partner by the United States on security issues.

See NATO, Page 5



Roderick Abbott, head of the EU's delegation to the WTO, arriving Monday at the trade body's Geneva headquarters.

## Europe's Bank Won't Tolerate Political Heat, Tietmeyer Says

By John Schmid  
International Herald Tribune

FRANKFURT — The Bundesbank warned European political leaders Monday against continued meddling in the affairs of the European Central Bank, and said that public trust in the euro was at stake if the currency weakened further.

In unusually blunt language in a newspaper interview, Hans Tietmeyer, the head of the Bundesbank, said that political pressure would damage prospects for easing European interest rates.

His comments appeared to be aimed at Germany's vocal finance minister, Oskar Lafontaine, who has repeatedly pressured the European Central Bank to reduce rates to stimulate Europe's weakening economic growth.

"The more intensively these discussions are led in public, the less scope it leaves for monetary decisions," Mr. Tietmeyer said.

Germany's leading central banker, who is a prominent member of the European Central Bank's governing board, said he was "not interested" in a further weakening of the euro, according to the article on the front page of Handelsblatt business daily.

Mr. Tietmeyer's seemingly worried tone led analysts to conclude that the Bundesbank feared that the fledgling euro could suffer a renewed bout of weakness against the dollar if pressure grew for lower European rates even as American interest rates rose. Mr. Tietmeyer described this as a "dilemma" for the European Central Bank.

The weakness of the euro speaks against a rate cut, Mr. Tietmeyer said. And lower interest rates in the current economic situation would have little

See EURO, Page 12

## Joe DiMaggio, a Baseball Legend, Is Dead at 84

By Joseph Durso  
New York Times Service

HOLLYWOOD, Florida — Joe DiMaggio, whose baseball greatness with the New York Yankees and marriage to Marilyn Monroe made him an indelible American folk hero, died Monday at his home here. He was 84.

DiMaggio died shortly after midnight, nearly five months after undergoing surgery for cancer of the lungs. He spent 99 days in the hospital while suffering several setbacks from lung infections, and his illness generated a national vigil as he fought pneumonia and cancer and several times was reported near death. He went home on Jan. 19, weak but alert but with little hope of surviving.

His body was flown to Northern California for a funeral Thursday and for burial in San Francisco, his hometown.

At the Baseball Hall of Fame in Cooperstown, New York, the flag was flown at half-staff and a wreath was placed around the bronze plaque summarizing his records and achievements during his 13 seasons when his team, the New York Yankees, was winning 10 American League pennants and nine World Series.

"He was the personification of grace, class and dignity on the baseball diamond," said Bud Selig, the commissioner of baseball.

"As an immigrant's son, he represented the hopes and ideals of our great country."

He was called the Yankee Clipper and was acclaimed at baseball's centennial in 1969 as "the

See DIMAGGIO, Page 22



Joe DiMaggio's classic, fluid swing in 1941, the year he hit safely in a record 56 straight games.

## Alarm Over Antibiotics

**Use in Animal Feed Seems to Endanger Humans**

By Denise Grady  
New York Times Service

NEW YORK — Faced with mounting evidence that the routine use of antibiotics in livestock may diminish the drugs' power to cure infections in people, the U.S. Food and Drug Administration has begun a major revision of its guidelines for approving new antibiotics for animals and for monitoring the effects of old ones.

The goal of the revision is to minimize the emergence of bacterial strains that are resistant to antibiotics. Such resistance makes them difficult or even impossible to kill.

Drug-resistant infections, some fatal, have been increasing in people in the United States, and many scientists attribute the problem to the misuse of antibiotics in both humans and animals. Of particular concern to scientists is that recent studies have found bacteria in chickens that are resistant to fluorquinolones, the most recently approved class of antibiotics and one that

scientists had been hoping would remain effective for a long time.

A crucial component of the new guidelines will be the requirement that manufacturers test certain new livestock drugs for a tendency to foster the growth of resistant bacteria that could prove harmful to people. Testing will be required both before a drug is approved and after.

The types of antibiotics that would get special scrutiny are those that are also used by humans or are related to drugs used by humans. If the antibiotics are shown to foster bacterial resistance, they could be banned from use as growth promoters in animals. If scientists became aware of a problem with older antibiotics, they too could be banned.

The proposed guidelines have drawn criticism from both sides of a bitter debate that has been going on for three decades. At issue is the extensive use of antibiotics in livestock. Of the 50 million pounds (23 million kilograms) of

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## AGENDA

### McVeigh Appeal Rejected by Court

The U.S. Supreme Court on Monday left intact Timothy McVeigh's conviction and death sentence for the 1995 Oklahoma City bombing that killed 168 people and wounded hundreds more — the worst such attack on U.S. soil.

The court, without comment, rejected an appeal in which Mr. McVeigh argued that his trial was tainted by jury misconduct and by news reports that he had confessed to his lawyers. Page 2.

### Stanley Kubrick: An Appreciation

The director Stanley Kubrick, who died Sunday at age 70, made movies from a perfectionist's perch that were at once mysterious, beautiful and dispiriting. Page 24.

## Police Brutality in China

**Murder of 4 Farmers Offers a Chance for Justice**

By Elisabeth Rosenthal  
New York Times Service

ZHANLONG, China — Villagers here say they were not entirely surprised when on the night of Aug. 7, 1997, public security officers piled four farmers deemed troublemakers into a van, drove them to an isolated rice field in front of a copse of trees and riddled them with bullets.

The bodies were quickly cremated, and the policemen probably assumed that the case was closed. After all, local residents say, police harassment and even summary executions have for years been an occasional fact of life in this rural town in the southeastern province of Guangdong.

And villagers say they dare not complain, knowing that policemen receive praise from above, and at times even \$1,200 bonuses, for such swift "justice."

But China is changing, and in this case the cause of the four dead men did not disappear. Their relatives, all barely

literate farmers, waged a yearlong campaign for redress.

A high-powered Beijing lawyer agreed to represent the families, without charge, in a lawsuit against the police. And a reporter from China's increasingly vigorous press helped expose a harrowing tale of police brutality that local officials had kept under wraps.

"As ordinary Chinese, we felt we had the legal right to have this case heard," said Zheng Canning, the younger brother of one of the dead men.

Later this month, seven police officers are due to stand trial on murder charges, in a case that casts a rare spotlight on widespread abuses by China's local police — as well as the fledgling efforts to control them.

Such abuses, from torture to "extrajudicial killings," have been attacked recently in human-rights reports and implicitly criticized by top Beijing officials.

"This case shows a problem of law

See CHINA, Page 8







## THE AMERICAS

## Bush's Bandwagon Gets Rolling but Has Miles to Go

By David S. Broder  
Washington Post Service

WASHINGTON — When Governor George Bush of Texas announced the formation of his presidential exploratory committee, he was able to count on the fact that already he had signed up more endorsements from elected and party officials than anyone else in the Republican field.

He cannot, however, count on those people to deliver him the nomination.

The dynamics of a short, intense struggle for that prize dictate that the ideological preferences of grassroots activists, the finances and tactics of nearly a dozen rivals, and the skill Mr. Bush demonstrates as a rookie in the high-stakes game of national politics will determine his chances, according to Republican officials interviewed the past few days.

The former chairman of the Republican National Committee, Haley Barbour, who is a leader of Mr. Bush's exploratory committee, ticked off a variety of factors that have impelled half the Republican governors and hundreds of other officeholders to pledge their support to Mr. Bush even before he officially tossed his hat into the ring. But Mr. Barbour added: "We will still have a hotly contested competition for the nomination. It will be over early, but that will be because of the primary calendar, not because of Bush."

Charles Black, a veteran of many presidential campaigns and a Bush supporter, agreed. The endorsements will help on both organization and fund-raising, he said, "but Governor Bush still has to get out there and get

the voters. He's going to have to earn it."

Ever since his landslide re-election to a second term in November, Mr. Bush has been playing host to delegations of state officials urging the candidacy of a man few of them know personally. And when the nation's governors gathered in Washington two weeks ago, a dozen endorsed Mr. Bush and several more told him they would join his backers in the next few months.

But whatever bandwagon psychology the Bush strategists hoped to build was deflated Thursday when Elizabeth Dole's aides said she would follow Mr. Bush into the exploratory committee phase of a presidential candidacy two days from now. Polls show her matching or exceeding Mr. Bush in popularity with Republican voters, and both of them lead Vice President Al Gore in trial heat.

"It clearly hasn't stopped us, or anybody else, from getting into the race," said Linda DiVall, Mrs. Dole's pollster.

A canvass of the near-dozen other Republican campaigns found managers and fund-raisers remarkably unfazed about the dazzling array of endorsements Mr. Bush has picked up, perhaps with some backstage orchestration but without visible effort on his part.

The groundswell of support for the former president's eldest son might become a problem for some contenders in the 11 months until the Iowa caucuses and the New Hampshire primary kick off an abbreviated calendar of contests. With more and more states rushing to the head of the line, most Republican

leaders expect the identity of their nominee to be settled by the end of March.

Several managers of past campaigns said the high expectations surrounding Mr. Bush present a problem. If he stumbles or is upset in one of the early battles, he will have little time to recover. "And everyone stumbles," Mr. Black said.

Still, the endorsements provide a cushion of support. "Primary voters are a relatively small universe," said Eddie Mahe, a veteran consultant unaffiliated with any presidential candidate. "If they know their governor and their legislators are saying George Bush is our best chance, it reduces the probability they will get involved actively or make contributions to other candidates. The collective result is to make it much more difficult for those other candidates to get traction."

"There are 11 other people running," said another consultant from past presidential campaigns. "And there is a limited supply of money. I think a lot of these candidates will have a hard time surviving until Thanksgiving."

As yet there is no discernible tendency among other candidates to toss in the towel.

Take former Vice President Dan Quayle, for example. Bernadette Budde, the director of BIPAC, a business political action committee, said, "I would think Quayle would be most affected by the rush to Bush. He would have had the best access to the people who supported him and President Bush in their campaigns. Now he has to go out and build a parallel universe of support."

But Kyle McSlarrow, Mr. Quayle's campaign manager, countered: "It does appear

that the Republican establishment folks all got the same message. But the reality for us is that everything we wanted to achieve, we're achieving. We're hiring the people we wanted for our staff and recruiting the grassroots activists we've gone after."

Or take former Governor Lamar Alexander of Tennessee. His second White House effort is judged by many competitors to be perhaps the most vulnerable to the Bush phenomenon because both of them are bidding for mainstream conservatives and moderate Republicans and relying on large donors.

But Steve Schmidt, Mr. Alexander's spokesman, said: "Their strategy is to suck all the air out of the room early on, but it's not working." He added, "We are extremely well organized in Iowa and New Hampshire, where Bush has no organizational presence today. We will see if the product lives up to the hype."

Democrats hold the governorships of those two states, whose February contests typically winnow the contenders down to two or three. The last Republican governor of Iowa, Terry Branstad, is supporting Mr. Alexander. The governor who helped President George Bush turn back Bob Dole in New Hampshire in 1988, John Sununu, is with Mr. Quayle.

Whether Mr. Bush can squeeze potential rivals out of the race is unclear. The millionaire publisher Steve Forbes can finance his own campaign. Social-issue conservatives like Patrick Buchanan, Gary Bauer, Alan Keyes and Senator Bob Smith of New Hampshire depend more on the precinct efforts of fellow-believers than on the business and political elites likely to back Mr. Bush.

## Bush Puts Big Guns Of Party on Display

By Richard L. Berke  
New York Times Service

AUSTIN, Texas — In a grand pageant of political might, Governor George Bush has rolled out the 10 members of his presidential exploratory committee, an ethnically and ideologically diverse tableau of some of the Republican Party's biggest names and most promising stars.

The carefully choreographed juggernaut Sunday was intended to convey a sense of inevitability about Mr. Bush's presidential quest, a move that could help him lock up crucial financial and political support.

The assemblage, which Mr. Bush introduced as "the best of the Republican Party," included George Shultz, secretary of state under President Ronald Reagan; Representative Henry Bonilla of Texas, the first Mexican-American Republican elected to the House; Condoleezza Rice, the provost of Stanford University, who was a national security official for President George Bush; Representative I.C. Watts Jr. of Oklahoma, a conservative who is the only black Republican in Congress, and Representative Jennifer Dunn of Washington, who, unlike Governor Bush, supports abortion rights.

For added heft, Mr. Bush's advisers distributed a list of elected officials backing the governor, including 72 House members and six senators.

Questioned by reporters about issues ranging from taxation to what he would do in Kosovo, Mr. Bush offered the same answer: that he would not articulate his positions until he formally declared his candidacy, which would be in June, after the state legislature adjourned.

## Power Shift Gives Senate Republicans a Certain Cachet

By Alison Mitchell  
New York Times Service

WASHINGTON — After four years in which House Republicans dominated Congress, bringing their party its legislative energy as well as its public relations disasters and the impeachment drive, power has shifted on Capitol Hill. In the 106th Congress, Trent Lott and his Senate majority have become the ascendant Republican presence.

The signs of change are everywhere. When the congressional leadership met with President Bill Clinton recently, the new speaker, J. Dennis Hastert, said little — Mr. Lott talked far more, participants in the meeting said.

Outside on the White House driveway, the pair fell into the same pattern in front of reporters. Mr. Lott, more polished and more practiced, even jumped in and answered questions directed to the speaker.

During the first congressional recess after the Senate impeachment trial, there was Mr. Lott at a high-profile town meeting in Detroit promoting tax cuts.

With House Republicans little prepared to conduct a post-impeachment policy offensive, Senate Republicans gave them the recess

packages that they had prepared for their own members, instructing them on the issues to highlight and explaining how to talk about them.

And last week it was the Senate that prevailed in budget talks among Republican leaders. The group agreed to a budget framework that embraced the Senate Republican position on Social Security and strategy to counter the Democratic assault on the potent retirement issue.

Republicans attribute the shift, in part, to Mr. Lott's skillful handling of the Senate impeachment trial, which senators from both parties say increased his stature. At the same time, the House Republicans have been weakened by the November elections and the self-immolation of Newt Gingrich, and then Robert Livingston, the first person selected to succeed him.

With the House Republican majority down to only six members (five, with the retirement of Mr. Livingston), Mr. Hastert's deputies concede they barely have control over the House, let alone the leeway to lead in crafting new themes.

Thrown into the job when Mr. Livingston resigned in December, Mr. Hastert, an Illinois

Republican, is still trying to sort out how to govern under such difficult circumstances and how to hold his once raucous, now shaken flock together.

For now, he is trying to rein in the impulsive Republican firebrands and keep them from taking public stands that make it more difficult to pull together legislative compromises. Republicans say he recently told them not to commit themselves completely to any specific tax cut, in order to give the House and Senate more flexibility in deciding which proposal they will ultimately back.

And where once Mr. Gingrich was such an overpowering presence that no other leader could emerge, Mr. Hastert, a former high school teacher, is the rambunctious Georgian's polar opposite.

He is most comfortable outside the limelight and wants to avoid any showy missteps, his advisers and colleagues say. His public appearances tend to be risk-free. Last week, he read to school children from Dr. Seuss, welcomed the Boy Scouts to the Capitol and talked about making "the future better for all of our nation's children" in the weekly Republican radio address.

"I think his style is more low-profile and

behind the scenes," said Senator Tim Hutchinson, an Arkansas Republican who formerly served in the House.

"I think that the natural flow of things places Trent in more of a spokesman's role than Denny even desires to have," Mr. Hutchinson said. "It's not what Denny wants for himself, and he doesn't see this as a primary goal, and that moves the center of gravity to Trent Lott. And until we have a presidential nominee come to the fore, Trent will be the primary spokesman for the party."

The dynamics could change once again, as Mr. Hastert gains experience.

House Republicans are hoping he will turn out to be a more effective leader than Mr. Gingrich, who was a font of ideas but also of controversy.

But for now, congressional Republicans have an enormous amount riding on how well their senators and Mr. Lott, an order-obsessed Mississippi conservative with a pragmatic streak, can lead them.

House Republicans have lost seats for two elections in a row and the impeachment proceedings left the party at new lows in opinion polls.



Trent Lott of Mississippi, the Senate majority leader and unofficial spokesman for the Republican Party, being interviewed at a television studio in Washington.

## POLITICAL

## Ex-Clinton Insider Releases Tell-All Book

WASHINGTON — President Bill Clinton is a man of vast "seductive powers" who uses his "personal magnetism" to charm the people he needs, but he is prone to sudden, behind-the-scenes tantrums that descend on aides like "an impersonal physical force, like a tornado," his former senior adviser, George Stephanopoulos, recalls in his book "All Too Human," which is expected in the new issue of Newsweek magazine.

Hillary Rodham Clinton, Mr. Stephanopoulos writes, is a vulnerable woman who can at times be tender with her husband and his closest aides, but who felt angry and abandoned when scrutiny turned on her in the Whitewater affair. In January 1994, tears in her eyes, she unleashed her wrath on Mr. Stephanopoulos at a White House staff meeting: "You never believed in us," she snapped, recalling the 1992 New Hampshire primary. "We were out there alone, and I'm feeling very lonely right now. Nobody is fighting for me." (WP)

## McDougal Trial Begins

LITTLE ROCK, Arkansas — Susan McDougal implored Arkansas on Monday to follow her trial on contempt and obstruction of justice charges, saying it would expose the ugly nature of the Whitewater inquiry.

"I think it will be an all-out fight, and I think it has become a personal vendetta," Mrs. McDougal said. "It's become more than political. I'm scared this morning."

Mrs. McDougal made her comments as she arrived at the federal courthouse for jury selection in a trial that could send her back to prison. She has insisted she has no information on the Clintons' business dealings in Arkansas.

Mrs. McDougal already has served 18 months on a civil contempt citation, and the new trial stems from a three-count indictment alleging criminal contempt and obstruction of justice for refusing to answer questions about the Clintons from the independent counsel Kenneth Starr.

W. Hickman Ewing Jr., deputy White-water prosecutor, said Mrs. McDougal's trial is simply about her failure to follow a judge's direct order. Mrs. McDougal has said she refused to answer questions because she believes Mr. Starr would twist her words to suit his purposes and may charge her with perjury if he doesn't get the testimony he wants. (AP)

## Quote/Unquote

Richard Goodwin, a former aide to Presidents John Kennedy and Lyndon Johnson, on George Stephanopoulos and his White House memoir, "All Too Human": "It's not only unfair, it's a violation of a relationship of trust. It is disloyalty to the man and the whole institution of the presidency." (WP)

## Away From Politics

• Sleet and snow driven by high wind created near-blizzard conditions across the middle of the United States on Monday, closing dozens of schools and slowing highway travel to a crawl. The southern edge of the storm produced lines of strong thunderstorms, with a possibility of tornadoes in Texas, Arkansas and Louisiana. (AP)

• The Sherman Oaks Galleria in Los Angeles, nationally recognized cradle of the Valley Girl, is going out of business. The Galleria was immortalized in the 1980s teen flicks "Valley Girl" and "Fast Times at Ridgemont High." But it is now nearly deserted, a victim of the 1994 earthquake in Northridge, which forced it to close for repairs, and failure to keep up with the times. (AP)

• Almost half the "carjackings" in the United States fail and the overwhelming majority of victims escape injury, the Justice Department says. Only 24,520 — 50.3 percent — of all attempts each year succeed, the Bureau of Justice Statistics said. (AP)

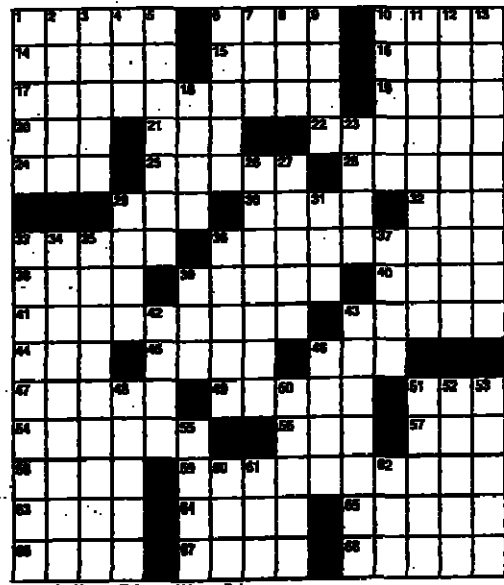
## CROSSWORD

## ACROSS

- 1 Went airborne briefly
- 6 Storm set in Korea
- 10 Weary workers' exclamation
- 14 Eskimo home
- 15 Division word
- 16 "Rock" (Simon & Garfunkel hit)
- 17 Musician at a dance?
- 19 Egyptian cobras
- 20 Vitamin bottle info
- 21 Delaney of "N.Y.P.D. Blue"
- 22 Address part
- 24 Shade of blond
- 25 "No" vote from a horse?
- 26 Funky musical genre, for short
- 28 Rock singer
- 29 Julie in "Doctor Zhivago"
- 30 Needlefish
- 31 Jack who ate no fat
- 32 "What's your sign?" for example?
- 33 The hurtled
- 34 Person's home
- 35 Russian native
- 36 Boozee for a 50's best?
- 38 Fraternity man

## DOWN

- 2 Time of anticipation
- 3 Opening amount
- 4 Show part that may pinch
- 5 Backs about
- 6 Hells Canyon state
- 7 Modus operandi
- 8 Treat badly
- 9 Peaked (at)
- 11 "Please be to"
- 12 "What's your sign?" for example?
- 13 Spring feature
- 14 Critique of an all-night teen dance?
- 16 Beheld
- 18 "Terrible" czar
- 19 MacLeod of "The Love Boat"
- 20 Relay segments
- 21 Superman's alter ego
- 23 Secluded valleys
- 26 Blue birds
- 27 65, e.g.: Abbr.
- 28 Sun-shaped
- 29 Smoked Italian cheese
- 30 Undoing an act
- 31 Lu-Pone or LaBelle
- 32 Italian cabbage?
- 33 Back-to-work time: Abbr.
- 34 Singing Mama
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## International Union for Jewish-Islamic-Christian Dialogue and Peace Education

Presidents: Dr. Aly Elsamman and Mr. Stelio Farandjis

Honorary president: Cardinal Dr. Franz König, member of the Sacred College at the Vatican

Honorary members: Dr. Boutros Boutros-Ghali and Archduke Otto von Habsbourg

## Today, the Muslim-Christian Summit

On May 28, 1998, the ADIC helped conclude the signing of an HISTORICAL AGREEMENT between the VATICAN AND AL-AZHAR (the highest institution of Sunni Islam) and specifically between the Pontifical Council for Interreligious Dialogue (Vatican City) and the Permanent Committee of al-Azhar for Dialogue with Monotheistic Religions (Cairo), FOR THE CREATION OF A JOINT COMMITTEE FOR DIALOGUE. Notably, the agreement stipulates that both parties will (art. 2).

"see that the religions play their rightful role... TO FIGHT TOGETHER AGAINST RELIGIOUS FANATICISM, VIOLENCE AND TERRORISM."

and also mentions (art. 4):

"the role of the Sorbonne Conference in June, 1994, organized by ADIC, which underlined, the necessity of PRESENTING TO CHRISTIANS THE TRUE FACE OF ISLAM AND OF PRESENTING TO MUSLIMS THE TRUE FACE OF CHRISTIANITY."

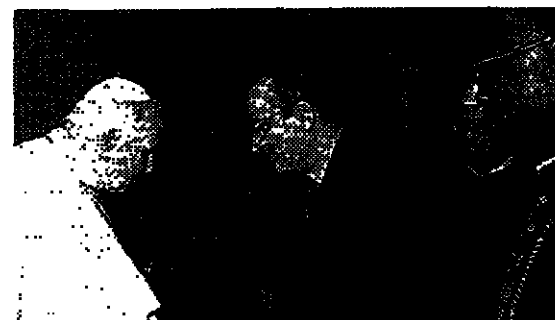
► Declarations made during the audience with the POPE JOHN PAUL II the day after the signature: His Holiness declared, "THE DIALOGUE BETWEEN OUR TWO RELIGIONS IS MORE IMPORTANT THAN EVER."

Cardinal Arinze, president of the Pontifical Council for Interreligious Dialogue, underlined that "THIS AGREEMENT CONCERNS TWO COMMUNITIES THAT CONSTITUTE MORE THAN HALF OF HUMANITY."

Cheikh Fawzi Al Zefzaf, wakil of al-Azhar, president of the Permanent Committee of al-Azhar for Dialogue with Monotheistic Religions, specified, "ISLAM IS A RELIGION THAT DOES NOT ACCEPT FANATICISM AND REJECTS VIOLENCE, EXTREMISM, TERRORISM AND CALLS FOR PEACE AND LOVE FOR ONE ANOTHER."



His Holiness, Pope John Paul II receives and congratulates the signatories of the agreement; Father Michael Fitzgerald, Secretary General of the Pontifical Council for Interreligious Dialogue; Cardinal Francis Arinze; Cheikh Fawzi Al-Zefzaf; and Dr. Aly Elsamman, vice-president of the Permanent Committee of Al-Azhar for Dialogue with Monotheistic Religions.



Dr. Aly Elsamman, signatory of the agreement, declared before His Holiness, the Pope John Paul II, "We remain loyal to the spirit of Assisi."

## Tomorrow, the Dialogue and the Youth

On December 15, 1998, ADIC organized a conference around the theme: "WE, YOUNG PEOPLE, FACING A MULTIRELIGIOUS SOCIETY." Here is a message in our final declaration for young people of every religion: "YOU, WHO ACKNOWLEDGE THE INHERITANCE OF ABRAHAM, UNITE!"

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## ASIA/PACIFIC

## U.S. Envoy in Asia Seeks Unified Approach to Pyongyang

By Don Kirk

International Herald Tribune

SEOUL — William Perry, the American policy coordinator on North Korea, meets here Tuesday with South Korean officials in an attempt to coordinate sometimes divergent views on how to deal with the North.

Mr. Perry, arriving Monday night on a mission that is taking him to the major Asian capitals most concerned about North Korea, is expected to give priority to countering a widespread impression in South Korea that he is not enthusiastic about President Kim Dae Jung's "sunshine policy" toward the North.

Mr. Perry, on arrival Monday night, sought to dispel growing South Korean fears that he will insist on a hard line by saying that he had made no "final recommendations" and viewed Mr. Kim's "engagement policy" as a "very important factor on which to build."

He qualified that remark, however, by observing that "North Korea has created

real problems and serious problems with their nuclear and missile programs." Still, he said, the United States and South Korea "must stand together" while seeking "possibilities of engagement in other areas."

Mr. Perry emphasized the need for cooperation with Mr. Kim as he began the third stop of a mission that took him to Beijing on the weekend and Taipei on Sunday. After seeing Mr. Kim on Tuesday, he flies on to Tokyo, the last stop of an effort at discerning the views of Asian leaders on North Korea and attempting to come up with an overall approach that is acceptable to all of them.

Mr. Perry begins his talks here at breakfast on Tuesday with South Korea's foreign minister, Hong Soon Young, and the national security adviser, Lim Dong Won, before meeting Mr. Kim in the afternoon.

Observers noted distinctions among the outlooks of the United States, South Korea, China and Japan that might make it difficult for them to act closely as Mr.

Perry clearly hopes.

South Korean officials acknowledged "differences in emphasis" between Washington and Seoul on Pyongyang but thought Beijing could play a pivotal role in bringing all sides together.

"China is very much in line with the views of South Korea," said a former senior South Korean diplomat. "China thinks it's dangerous to provoke North Korea because you don't know what North Korea will do."

Chinese officials were believed to have made that view clear to Mr. Perry before he left Beijing on Sunday for Taipei.

U.S. officials are counting on China, as North Korea's neighbor and virtually its only ally, to encourage the North to refrain from a belligerent policy that might jeopardize the 1994 Geneva framework agreement under which the North agreed to stop the development of nuclear warheads in exchange for help in the construction of nuclear power plants.

South Korean officials believe Chinese support is vital in persuading the North to open an underground site at Kumchang-Ri for inspection to allay fears that it harbors a facility for building nuclear weapons. The United States has insisted on multiple inspections.

Officials in Seoul believe Mr. Perry now wants South Korean leaders to define just how far they want to pursue reconciliation with the North.

"The Americans are concerned because there is no red line," said a South Korean diplomat. "They want to know 'What's the limit of your patience and what will it take to prove that the sunshine policy doesn't work?'"

Mr. Perry, when he goes to Japan, faces a somewhat different problem: how to convince the Japanese that North Korea's nuclear ambitions present a more serious danger than that of North Korean missiles.

Japanese officials remain incensed by North Korea's test-firing on Aug. 31 of a three-stage Taepo Dong-1 missile that

flew over Japan before landing in the sea. Adding to Japanese concerns is that South Korean officials no longer seem upset by the missile-firing while encouraging trade with the North and authorizing tourist trips to the North.

Mr. Perry himself has added to concerns here by a book that he co-authored with his top aide, Ashton Carter, that appears to dispute Korea's basic policy.

Mr. Perry and Mr. Carter conclude in an epilogue to the book, called "Preventive Defense," that "it might not be safe to follow Kim Dae Jung's advice and wait for change to come to North Korea." They argue that North Korea's program "would rob us of the time needed for Kim Dae Jung's engagement policy to work."

Foreign diplomats pointed out that the authors had written the book before Mr. Perry's current information-gathering mission. He is expected to make a policy recommendation around the end of the month.

## BRIEFLY

## Leaders of Burma And Thailand Meet

BANGKOK — The burgeoning trade in illegal narcotics was the main subject of discussion Monday as the leader of Burma's military government began a two-day state visit to Thailand by meeting with Prime Minister Chuan Leekpai.

General Than Shwe, who heads a junta that has been widely accused of suppressing human rights and refusing to turn over power to a democratically elected government, arrived in Chiang Rai, 680 kilometers (420 miles) north of Bangkok accompanied by his intelligence chief, General Khin Nyunt, and a delegation of military officials.

They met there with Mr. Chuan, who sought more vigorous cooperation from General Than Shwe to stem the flow of drugs from Burma, and they agreed to step up cooperative efforts to suppress drug-trafficking, a spokesman for the Thai government said. (AP)

## 2 in Police Custody Killed in Pakistan

KARACHI, Pakistan — Two members of a Pakistani opposition party held in police custody were shot to death by unknown gunmen in Karachi on Monday, the police said.

But the Muttahida Qaumi Movement, to which the two men belonged, said the men were killed by police themselves in what it called a "case of extra-judicial execution."

A police official said the two were killed when gunmen opened fire on the police who were taking them to a hideout in central Karachi to search for weapons and suspected criminals. (Reuters)

## Famine in Vietnam

HANOI — Nearly a million and a half people are suffering hunger in central and northern Vietnam after crops failed because of prolonged drought and flooding last year, state media reported.

The official Vietnam News Agency said the government social welfare agency had asked for emergency aid worth 11.5 billion dong (\$828,000). (Reuters)

Premier Zhu Rongji that people are saying the Korean Peninsula is the area in the world which is most vulnerable to have a conflict. Yet if we have the will we can very easily resolve this issue. My administration has a very clear policy toward North Korea: While we will not, of course, tolerate any military provocation, we have no willingness to harm them nor reunify by absorption. It is 100 percent certain we will not attack. This is also supported by the United States and Japan. As we are determined not to resolve any issue through war or military power, and if North Korea has the same commitment, while the four major countries around the Korean Peninsula can also guarantee they will not intervene, then we won't have any war ever in the Korean Peninsula.

Q: The North Koreans have maintained that most of the differences with South Korea could be settled if U.S. troops were removed. Under what conditions would you be willing to remove the U.S. troops?

A: As you know very well in 1949 the American troops did leave South Korea and only a year later, in 1950, we had the war. So the precondition has to be that we have to have a solid guarantee of not having any kind of invasion.

## At Least 4 Die In New Fights On Ambon

The Associated Press

JAKARTA — At least four people were killed and 11 injured in new clashes Monday on the eastern Indonesian island of Ambon, officials and witnesses said.

A mob of Christians attacked and burned a truck with 28 people aboard, killing two and injuring four, in the town of Paso on the eastern side of the island, said an official at a local mosque.

And in Air Salobar, a western neighborhood of Ambon city, clashes between Christian and Muslim gangs resulted in at least two deaths, and seven were wounded, witnesses said.

They did not specify the religion of the victims.

Eight houses, a car and a motorcycle were burned, and two homemade bombs went off, witnesses said.

Police in Ambon, the capital of Maluku Province, confirmed the violence but declined to give further details.

More than 180 people have been killed in fighting among rival Muslim and Christian mobs since religious violence erupted in January in Maluku Province, known in Dutch colonial times as the Spice Islands.

Indonesia has grappled with various riots and political protests over the past months, fueled by economic crisis, dramatic political changes and ethnic and sectarian splits.

Some Muslims have accused the army of favoring Christians on the island. Some analysts fear that religious strife could threaten a push for greater democracy for Indonesia, which is preparing on June 7 to hold its most open parliamentary election since 1955.

About 90 percent of Indonesia's 210 million people are Muslim, making it the world's most populous Islamic state. Much of Ambon's population, however, is Christian.

## East Timor Plan to Be Revised

Indonesia said Monday it would revise details of an autonomy plan for the territory of East Timor and needed until the end of April before presenting its final offer at talks at the United Nations.

The Associated Press reported from Jakarta.

The plan had been expected to be announced in New York later this week at the negotiations with East Timor's old colonial master, Portugal.



INTERNATIONAL WOMEN'S DAY—Some of the 50 women who were arrested in Jakarta on Monday after staging a peaceful demonstration outside a UN office. They were protesting violence against women.

## India Coalition Retreats on Rule of Bihar State

By Celia W. Dugger  
New York Times Service

NEW DELHI — Bowing to certain defeat in the upper house of Parliament, the Hindu-nationalist-led ruling coalition revoked on Monday the national government takeover of Bihar, India's poorest and second most populous state.

Home Minister L.K. Advani announced the cabinet's decision in a statement in Parliament.

Last month, the national government dismissed the state government of Rabri Devi and her husband, Laloo Prasad Yadav, who belong to the cowherd's caste, on the ground that the state, which is home to almost 100 million people, had descended into lawlessness during their nine-year rule.

But India's governing coalition

needed both houses of Parliament to ratify the move. Mr. Advani conceded Monday morning that Prime Minister Atal Bihari Vajpayee had failed to convince the opposition Congress (I) Party to support the takeover, dooming it to defeat in the upper house, where the ruling coalition is in the minority. Opposition members thumped their desks in delight after Mr. Advani's remarks.

Mr. Yadav, a member of Parliament, held a triumphal press conference in New Delhi, while his wife, who is expected to reclaim her position as chief minister once the formal revocation of national rule is complete, greeted well-wishers at the chief minister's residence in Patna, the state capital.

The immediate catalysts for national rule in Bihar, imposed last month, were two massacres in which an outlawed upper caste army formed by landowners slaughtered 34 men, women and

children, most of them poor farmworkers from the lowest castes.

The government had an uphill battle to get the measure through the lower house, the Lok Sabha, where it has a slender majority. Mr. Vajpayee, who heads the Hindu nationalist Bharatiya Janata Party, turned the issue into a virtual referendum on his government, aggressively lobbying reluctant state-level parties in his own coalition.

They have traditionally opposed the use of the constitutional provision that allows the national government to unseat democratically elected state governments and that has been invoked more than 100 times in the past half-century.

Mr. Vajpayee met for 45 minutes Sunday with the president of the Congress Party, Sonia Gandhi, to ask her to reverse course and support the takeover of Bihar, but she would not budge.

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## EUROPE

## Kosovo's Serbs and Ethnic Albanians Ignore Each Other, Except in Battle

By Carlotta Gall  
New York Times Service

PRISTINA, Yugoslavia — The vibrant café scene in Pristina can make one forget there is a war going on in Kosovo Province. Through a fog of cigarette smoke and against the pounding of pop music, fashionably dressed students drink small cups of strong coffee or glasses of local cognac.

Yet the upheavals of the past decade, a year of fighting and Kosovo's relentless ethnic divide dictate even where the young go to drink their coffee. Ethnic Albanians frequent Albanian-run cafés and the local Serbs go to the Serbian-run places.

The two almost never mix, socially or otherwise. They coexist in a sort of silent, sullen apartheid that first took root in the 1980s and is now the hallmark of this fabled region of southern Europe.

Since Slobodan Milosevic, then president of Serbia, stripped away Kosovo's autonomy in March 1989, and especially since security forces started cracking down a year ago against the ethnic Albanian rebels of the Kosovo Liberation

Army, both ethnic groups accept segregated life as inevitable and permanent. The estimated 2 million people of Kosovo, 90 percent of them ethnic Albanian, conduct their lives entirely within their own ethnic group.

Mimoza, a dark-haired, 22-year-old piano student who declined to give her last name, studies at the music faculty in the university in Pristina.

"The alternative university," she stressed, tapping ash off her cigarette at the bar of a busy café. She was referring to the university set up by ethnic Albanians for their fellow Kosovars after the Serbian authorities expelled teachers and professors from state-run schools and the university in 1990.

The pattern was repeated in all state institutions, from hospitals to most factories. Ethnic Albanians who were not fired from such jobs simply quit, and joined the "alternative" institutions funded by the Albanian diaspora.

The university has various faculties, all crammed into one building in central Pristina. The hundreds of Albanian schools are located mostly in houses dot-

ted across the province. A rudimentary alternative health system functions out of one-room clinics built with donations.

In the town of Glogovac, for example, Bedin Halilaj works in a tiny room sponsored by the local Mother Theresa charity. The only doctor in miles for the local Albanians, he writes prescriptions on scraps of paper even though he has virtually no drugs to give out.

Mimoza says she has no ethnic Serbs as friends, or even as acquaintances.

"It is because I went to an Albanian school and now the Albanian university," she said. "I would not want them anyway, after all that has happened."

Like many others in the Albanians' clanish, tight-knit society with its large emphasis on extended family, she has lost a relative in the fighting in Kosovo last year that took 2,000 lives.

The older generation in Kosovo, brought up under communism in the old, Titoist Yugoslavia, tended to mix more. Most education then was in the Serbian language, and those who did their military service or worked in state organizations were thrown together with other

ethnic groups of the federal state, which severely punished any expressions of nationalism.

But today's students, like Mimoza, were separated throughout their schooling, attending either Albanian-language or Serbian-language schools. Most Albanians can speak Serbian and many local Serbs know at least a little Albanian. But both ethnic groups insist on only speaking their native tongue.

Professor Arian Murati, the imam of the main mosque in Mitrovica in northern Kosovo, says that while segregation was forced upon ethnic Albanians by the Serbian government, it in fact merely consolidated natural differences.

"When the Serbian authorities threw them out of their state jobs, the Albanians were forced to organize their lives as they could, creating schools in houses and setting up private clinics," he said. "And because of that, Albanians and Serbs are now living in separate worlds. The Albanian majority is ruled by a minority. And we Albanians have no connection to them, we have a different culture, a different religion and a

different language."

Sitting cross-legged on the carpeted floor of his mosque, a tall red hat wound with white cloth on his head, the imam said the war in Kosovo is a nationalist struggle, not a religious struggle pitting Muslims against the Orthodox Serbs.

"Although 90 percent of the people in Kosovo are Muslim, we want a national government and to give the same rights to all religious confessions and minorities," he said. "It is possible to live again together. Those people who have blood on their hands must be charged and punished."

But few ordinary people believe that they can return to a life of being good neighbors. People flooded out of the mosque at the end of prayers, old men in traditional white felt caps and young men in jeans and down jackets.

Vedat, 20, an ethnic Albanian from the village of Prekaze in the north who also declined to give his last name, said he does not know any Serbs.

He had walked an hour and a half to attend Friday prayers at the mosque. Even if by chance had met a Serb on the



way, he would not have chatted with him, he emphasized.

In the villages of Kosovo, the ethnic divisions are only too evident. There are few mixed settlements. Even if a Serbian village is adjacent to an Albanian one, there is little contact between them.

## 6 Libyans Tried by France In Absentia for Bombing

They Are Charged in 1989 Destruction of Airliner

By Craig R. Whitney  
New York Times Service

PARIS — An anti-terrorism court here Monday put six high-ranking Libyan officials on trial in absentia on charges of ordering the bombing of a French DC-10 airliner that killed 171 people in 1989.

Under pressure from tight international economic sanctions imposed because of Libyan support for terrorism, Libya's leader, Colonel Muammar Gadhafi, allowed a French investigator into the country in 1996 to take evidence against the six suspects. They include Colonel Gadhafi's brother-in-law, Abdallah Senoussi.

Colonel Gadhafi offered no objection to the trial in absentia, which is expected to conclude later this week with guilty verdicts against all six. They are, as far as anybody here knows, at liberty in Libya.

Under French law, being absent, they cannot have lawyers contest the charges against them at their trial.

Judge Jean-Louis Bruguiere, the investigator who built the case against them, said that international law warrants for the defendants' would ensure that they never set foot out of Libya again if convicted.

The evidence against them includes a Samsonite suitcase armed with explosive and provided to the judge by Libyan authorities two and a half years ago. Judge Bruguiere said the suitcase was identical to the one that blew up and brought down the airplane.

Other evidence, Judge Bruguiere said, showed that Libyan operatives had bought explosives and detonators and plotted to blow up a French airliner in retaliation for French intervention on the side of Chad in a war Libya had been fighting there in the mid-1980s.

Mr. Senoussi, then chief of foreign operations for the Libyan secret service, is accused of ordering one of the defendants to provide a rigged Samsonite suitcase to a passenger, who checked it onto UTA Flight 772 to Paris in Brazzaville, capital of the Republic of Congo. The airline no longer exists.

The bomb went off while the plane was high over Niger, killing all aboard. But because the wreckage came down in the desert, investigators were later able to piece it together in a hangar at Le Bourget Airport outside Paris and determine the cause of the explosion.

Off-fisted gunfire, conspiracy to commit murder and setting off destructive explosions as part of a terrorist plot, all six could get life jail terms. These would likely be only symbolic, although French officials have said they expected Colonel Gadhafi might agree to pay reparations to the 232 relatives of the victims with legal standing in the case.

The United States and Britain have not been willing to settle for trial in absentia of two defendants in a similar case, that of Pan American Airways Flight 103, which blew up over Lockerbie, Scotland, on its way from London to New York in December 1988, killing 270 people in the plane and on the ground.



Bonn's foreign minister, Joschka Fischer, left, with President Slobodan Milosevic of Yugoslavia on Monday.

## Kosovo Rebels Agree to Deal, U.S. Envoy Says

Compiled by Our Staff From Dispatches

PRISTINA, Yugoslavia — Leaders of the Kosovo Liberation Army have agreed to the terms of a peace deal with the Serbs, Christopher Hill, the special U.S. envoy, said Monday.

"The KLA General Staff has asked Ambassador Hill to convey to Secretary of State Albright that it has approved the Rambouillet accord and authorized their signing," said Phil Reeker, Mr. Hill's spokesman.

Mr. Reeker spoke by telephone with Mr. Hill after he spent more than six hours meeting KLA leaders at a house in the center of the rebellious province.

Mr. Reeker was guarded in his reaction to the KLA announcement, making it clear that the U.S. government awaited the actual signing of the peace

deal by the Kosovo Liberation Army, not a promise to sign.

"We've been into this process for a year," said Mr. Reeker. "There have been some false steps and frustrations so let's just see what happens."

The breakthrough came as a surprise after earlier reports that the separatist force had raised new objections to the deal. Mr. Reeker said the KLA leaders faced problems coming together in the Serb-run province to consult.

In Washington, the State Department spokesman, Jamie Rubin, said the KLA general staff had conveyed that message to Mr. Hill after a second day of meetings on whether to accept the plan as drafted by the six-nation Contact Group overseeing the settlement attempts.

Mr. Rubin added that once the agree-

ment had been signed, a decision would be made as to how best to persuade President Slobodan Milosevic of Yugoslavia to sign on.

That could include sending the negotiator Richard Holbrooke to discuss the agreement with Mr. Milosevic.

Earlier, Foreign Minister Joschka Fischer of Germany said in Belgrade that Mr. Milosevic told him Mr. Holbrooke would come on Tuesday.

Mr. Rubin, however, said Mr. Holbrooke's plans would remain in the air until the ethnic Albanians had signed the Rambouillet agreement.

In his talks with the German delegation, President Milosevic stood firm in his opposition to allowing foreign troops to enforce a prospective peace accord on Kosovo. (Reuters, AFP)

## Britain Delays Effort to Form Ulster Cabinet

By James F. Clarity  
New York Times Service

BELFAST — Britain announced a three-week postponement on Monday in the effort to create an executive cabinet that is to put into effect sweeping political changes in this British province. The changes are to give the Roman Catholic minority more power and to return home rule to the province.

Mo Mowlam, the British Northern Ireland secretary, said the delay was needed to give the politicians more time to seek compromise in the dispute over disarmament of the Irish Republican Army. But Gerry Adams, president of the IRA political wing, Sinn Féin, clearly anticipating the delay, said the fault lay with London and added, "Now we're into crisis time, big time."

The cabinet executive, which had been scheduled to be formed by members of the Northern Ireland Assembly on Wednesday, was delayed by the continuing dispute over the disarmament of the predominantly Catholic IRA. The Protestant first minister of the assembly, David Trimble, has ruled that until the IRA began "credible" disarmament, Sinn Féin would not be allowed to take its two places in the new cabinet.

Mr. Adams says, accurately, that the peace accord approved last April setting up the assembly does not require disarmament before May 2000 and that the IRA's current 15-month cease-fire is evidence that it supports the peace effort.

Efforts to reach a compromise failed again Monday as Mr. Adams met in Dublin with Prime Minister Bertie Ahern of the Irish Republic.

Generally, northern Catholics look to Dublin and the overwhelmingly Catholic Irish Republic to support their demands. But Mr. Ahern has said that it is unrealistic to expect Protestants to sit in a cabinet with Sinn Féin until the disarmament dispute is settled.

Mr. Adams and Mr. Trimble are to meet in Belfast on Tuesday, but officials and experts said that a breakthrough in the dispute was unlikely.

Ms. Mowlam said she was extending the cabinet deadline to the week starting March 29.

That would mean that the politicians would be talking as the first anniversary of approval of the overall peace agreement — April 10 — approached, presumably increasing public pressure for a settlement.

Ms. Mowlam said the delay would give the northern political parties "the time and space to find a way forward." She noted that many of the assembly members would be in Washington next week for St. Patrick's Day ceremonies at the White House.

Three years later, Scottish authorities charged two Libyan intelligence operatives, Abdel Basset Ali Megrahi and Lameen Khalifa Fhimah, with conspiracy and murder for allegedly rigging an explosive device in a suitcase and checking it aboard a connecting flight from Malta.

Until last year, the United States and Britain had insisted that the sanctions against Libya, which include a ban on all international flights into or out of the country, would remain until the defendants were extradited for trial in Scotland. But now Washington and London are agreed that they can be tried before a special Scottish court in a third country, the Netherlands, which is ready to make available a secure compound in Zeist, outside of Utrecht.

The United Nations secretary-general, Kofi Annan, has been trying to get Colonel Gadhafi to agree to send the two defendants there for trial with the understanding that sanctions would be lifted immediately if he did.

## Bosnian Serb Softens Stand on City of Breko

The Associated Press

BANJA LUKA, Bosnia-Herzegovina — Signaling an easing of tensions, the moderate leader of the Bosnian Serb region of Bosnia-Herzegovina moved Monday to soften his threat to resign over an international ruling that removed the strategic city of Breko from Serbian control.

Prime Minister Milorad Dodik said without elaboration that he would "reconsider" the resignation of his government over the announcement that Breko would be placed under the joint authority of Serbs, Muslims and Croats.

Mr. Dodik's comments — and his praise of the international official who announced the Breko ruling — ap-

peared to lessen the prospects of a complete breakdown of relations between Bosnia's Serbs and international officials in the country.

At the same time, it raised the specter of renewed splits between Bosnian Serb moderates, like Mr. Dodik, and hard-liners who oppose cooperation with Croats and Muslims.

On Sunday, the Serbs said they would boycott participation in joint national institutions with Bosnia's other ethnic groups in a protest against the Breko ruling and the dismissal of their elected president, Nikola Poplasen.

Mr. Dodik, speaking after a government meeting, praised the Bosnian high commissioner, Carlos Westendorp of Spain, for dismissing Mr. Pop-

lasen, his rival.

"It is a good move that he's no longer president," Mr. Dodik said.

The cornerstone of the 1995 Dayton peace accord was the concept that Bosnia could function as a multiethnic state of Serbs, Muslims and Croats.

As part of that expectation, some joint institutions such as a collective presidency and national Parliament were created.

The Bosnian Serb decision to suspend cooperation meant that that community will no longer work with the others. In effect, the decision again underscored the ethnic divisions that Dayton and years of international supervision were supposed to overcome.

## BRIEFLY

## Russia Threatens Chechens

MOSCOW — Russia threatened Monday that it would order strong action against the Caucasian region of Chechnya if a Russian general taken hostage Friday was not released at once.

The warning was couched in some of the harshest language used by Moscow against the separatist republic since a Russian military invasion ended in 1996.

Interior Minister Sergei Stepashin said in a statement that Russia's "level of patience with deepening criminality in the republic has run out."

It was unclear what measures Russia could take to subjugate the region, which it failed to subdue in a 21-month war that left tens of thousands of people dead and wide destruction.

Mr. Stepashin's statement followed a Sunday night television interview in which the interior minister vowed not only to free Major General Gennadi Shpigun but also to punish his captors.

General Shpigun, who was Mr. Stepashin's representative in Chechnya, was seized by gunmen who leaped out of the luggage compartment of his Moscow-bound jetliner as it taxied toward takeoff at the airport in Grozny, Chechnya's capital.

On Sunday, Moscow evacuated the remaining Russian government personnel from a headquarters in Grozny to a military base beyond the border.

Mr. Stepashin's statement said he would

present a list of suggested sanctions to Russia's security council for approval.

"If new terrorist acts or serious crimes are carried out from Chechen territory, the bases and hiding places of bandit groups will be destroyed in accordance with international practice," the statement said.

## Balloonists Head for India

GENEVA — The Swiss adventurer Bertrand Piccard and his British co-pilot headed toward India on Monday in their attempt to make the first nonstop flight around the world in a hot air balloon, their backup team said.

Mr. Piccard and Brian Jones were traveling at around 65 kilometers per hour (40 mph) in their Breitling Orbiter 3 with no major problems to report, a team spokeswoman in Geneva said.

She said the pair were around 100 kilometers from India and hoped to be over the center of the subcontinent by around midday on Tuesday. They would then head for China, where authorities have given them permission to fly over a zone of airspace.

Mr. Piccard and Mr. Jones on Sunday became the only crew in the sky attempting to be first round the world after the rival Cable & Wireless craft was forced by bad weather to ditch in seas off southern Japan.

The spokeswoman said they had some electrical problems with the balloon's burners but this would not endanger the mission. (Reuters)

## NATO: Blair Presses for an All-European Defense Force

Continued from Page 1

"Far from replacing NATO, the European capability is an essential complement," Mr. Blair said in comments that fleshed out the defense initiative he put forward jointly with President Jacques Chirac of France in December at their summit meeting in St. Malo, France.

Questions about the relationship between a European defense force and NATO have loomed larger in recent weeks as allied governments grappled with a new strategic concept to be unveiled at the Washington summit talks. Central to this blueprint is a military balance that maintains strong trans-Atlantic ties.

Mr. Blair spelled out the requirements for a better balance within NATO. He said that the United States needed to expand and confirm the Clinton administration's pledge to let U.S. electronic systems and cargo aircraft operate with a European-led task force in crises where Washington did not want to involve U.S. armed forces.

But his bluntest challenges were directed at other European governments, "too few of which have started restructuring their military" for the post-Cold War era in which countries need to have mobile forces that can cope with sudden, distant crises. Mr. Blair said in his speech at the Royal United Services Institute in London.

Britain has moved rapidly with its military changes, dismantling units designed to fight a land war in Central Europe and replacing them with smaller, highly equipped forces that can move rapidly by plane or in convoys. With an all-professional army smaller than the armies in countries such as France and Germany, Britain can put larger

fighting units than any other European ally into combat in the Balkans or in the Gulf.

France, Italy, Spain and other European countries have started copying the British model, but slowly. Most still spend most of their defense budgets on manpower and retirements, not on new equipment.

Enhancing Europe's military capabilities is an essential first step toward gaining credibility for a European foreign and defense policy, Mr. Blair said, a formulation apparently intended to reassure U.S. and NATO leaders that Britain's ideas were designed to make European governments more serious about security issues.

Insisting that greater military capabilities would make Europe more reliable politically, Mr. Blair also sought to allay U.S. concerns by stressing that he wanted Europeans to work together more closely on defense without challenging NATO as the bedrock organization of Western security in Europe and elsewhere. Any decisions for European action, he said, would remain firmly within the hands of governments, without any role for the European Parliament or the European Commission.

But in a hint of U.S. impatience with ideas of European defense, General Wesley Clark, the military commander of NATO, said that Washington was dismayed to see that European countries were continuing to cut military spending. The Clinton administration has boosted next year's defense budget and U.S. officials have called on European governments to invest in advanced electronic weaponry for future conflicts. Mr. Blair suggested that European governments could get more military clout without increased spending by looking at ways to cooperate more closely.



## EDITORIALS/OPINION

## Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Cures for the Balkans

With ethnic violence in Kosovo, and politicians warning that NATO will need to occupy Bosnia for years to come, it seems to many people that a durable peace in the Balkans is a hopeless goal. The conflicts stem from ancient hatreds, people say. They can be buried for years or decades but they always return.

It is dangerous to underestimate the weight of history, but it can be just as mistaken to overestimate it. Ancient hatreds in the Balkans have produced cycles of killing and revenge. That provides the climate for more explosions of hate. But combustion requires the addition of other factors very much of the present. For lasting peace in the Balkans, and in other regions with similarly troubled pasts, the world must be able to spot and prevent those conditions before violence begins.

The Bosnian war was not about religion but about the past. Virtually every person who has ever picked up a pistol or sword in the Balkans claimed to be fighting to save his ethnic group from a repeat of the physical or cultural annihilation it suffered in the past. Persistence of fear, however, does not necessarily mean persistence of war. Balkan wars over the centuries encompassed various parts of a region that stretches from Austria to Turkey. Most of these nations are now at peace.

Fighting breaks out when two events mingle in an atmosphere of fear. One is a sudden political change, when one order has broken down and a new one has not yet taken its place. This is what happened in 1991. It was the manipulation of ethnic fear by Slobodan Milosevic that provoked non-Serbian ethnic groups to separate from Yugoslavia, fearful that they would be persecuted under his rule. The establishment of Croatia and Bosnia as independent states left Serbs there in a minority. Having been slaughtered in World War II by Croats, and to a lesser extent by Muslims, Serbs worried that the Serbian minorities could be in danger.

The other necessary ingredient is a

demagogue with a television station. Mr. Milosevic in Serbia and Franjo Tudjman in Croatia have exploited and encouraged fear to keep themselves in power. Mr. Milosevic's propaganda machine rarely told Serbs to kill their neighbors. It just warned them, falsely, that their neighbors were coming to kill them. That was enough.

Cooling hatreds after a war like Bosnia's or Kosovo's requires time and an imposition of new rules that calm fears. Tito did this in Yugoslavia after World War II. Class took the place of ethnicity. It might still be working had Mr. Milosevic not been allowed to exploit nationalism. Bosnia must develop strong guarantees of minority rights—strong enough to be universally trusted—and a political system mature enough to reject nationalist leaders before they do harm. Until it can, and this is likely to take a long time, some form of peacekeeping may be needed, or at least a promise that NATO forces will return quickly if violence resumes. In Kosovo, a fragile, contested peace is the best that can be expected while Mr. Milosevic remains in power.

It is easier to prevent outbreaks of hatred than to end them. Macedonia is an example of how this can be done. Ethnic Macedonians and Albanians, determined not to repeat the mistakes of neighbors in Kosovo, have formed a coalition government. The UN peacekeeping force there, vetoed by a vengeful China angry that Macedonia recognized Taiwan, should be reconstituted as a NATO mission immediately.

Preventing ethnic violence requires foresight. The world watched Mr. Milosevic's growing crackdown in Kosovo for years but did nothing until the problem became virtually incurable. The West should have increased the pressure on him to restore the self-government he robbed from Kosovo when he came to power. No one can change history, but much can be done to keep it from repeating itself, even in the Balkans.

—THE NEW YORK TIMES

## Killers in Uganda

The savage killing of eight foreign tourists in a remote park in Uganda gives a bitter taste of the violence that has spilled across Central Africa since a Hutu-led regime in Rwanda killed upward of half a million people there, mostly Tutsis, five years ago. The killers are thought to be from a roaming Hutu militia band spun off from the things who perpetrated the Rwanda genocide. They have been given free rein by the civil war in neighboring Congo (formerly Zaire), a war in which Uganda and Rwanda's now Tutsi-led government have supported the rebel side. The killers at Bwindi National Park, world-famous for its gorillas, left messages warning Rwanda's supporters, including Britain and the United States, to cut Rwanda off.

For Uganda the killings are a painful blow. President Yoweri Museveni is widely hailed as an effective promoter of economic growth. He promised the victims' families that he would catch and execute the murderers. But Uganda's security forces are spread

thin against an array of insurgencies. The park rangers who are intended to be the first line of defense apparently had cause but failed to transmit the requisite timely alert. The result is bound to be a crimp in tourism, a major hard currency earner for Uganda, and a further crimp in the confidence in social order that is the irreplaceable premise of foreign investment.

Tourism breeds a special interdependence. The hunger of Westerners for exotic and pleasurable destinations sends increasing numbers of travelers to places where their security may be at risk. True, security may be at risk in Miami, too; Florida suffered an 11 percent decline in overseas visitors in 1993 after some incidents of crime. But guerrillas in the outback looking to kill or take hostages for political purposes are hard to get at. A burden falls on destination countries to ensure tourist security, and on sending countries to warn their nationals fairly and without exaggeration of the perils of the road.

—THE WASHINGTON POST

## Getting Out of Lebanon

For years the idea of Israel's unilateral withdrawal from southern Lebanon has been kicked around, and now its time may be coming. This good news is the result of two developments: continued painful Israeli casualties in that slice of Lebanon, and an Israeli election run-up that is airing alternatives to the stalemate Middle East peace negotiations.

The Hezbollah militia, sustained by Syria and Iran, had been shooting across Lebanon's border into Israel's northern towns. Israel responded by setting up, with a conservative Lebanese militia, a "security zone" (a euphemism for occupation) on Lebanese territory. That invited Hezbollah to claim that it was repelling a foreign invader. Syria, the power in Lebanon, has used Hezbollah to bleed Israel in order to compel the Israelis to resume negotiations with Syria on its terms.

A unilateral Israeli pullback from southern Lebanon would cut off the politically charged flow of Israeli casualties. The Lebanese government would regain its authority over its

southern territory and spare its citizens further heavy war losses. With the Israelis gone, the rationale of fighting to expel them could no longer be evoked by Syria, Hezbollah or anyone else. A possibility to put the derailed Israeli-Syrian negotiation back on track would spring into being. If anyone resumed rocket attacks on Israel's northern villages, of course, the Israelis would have a right to protect their people.

Eager perhaps for a break from their punishing negotiations with the Palestinians, Israelis seem to have turned to the Lebanese issue, which is urgent in its own right. The prime minister and his chief challenger, Labor's Ehud Barak, both looking to show leadership, have assured Israeli voters that, if elected, they will pull out in a year. They are being prompted by the security-minded Ariel Sharon, currently foreign minister, who has floated his own unilateral withdrawal plan. It could happen. The elections are in May and June.

—THE WASHINGTON POST

## At Long Last, Signs of Economic Revival in Japan

By Floyd Norris

NEW YORK — The long national economic nightmare is finally ending in Japan. After a decade of denying reality, of bad policies being followed by worse changes, the Japanese economic pulse is starting to be heard.

That is not the opinion of most Japan-watchers. Past signs of an economic spring have proved false. In the last seven years Japan's economy has grown by just 5.5 percent, or an average of less than 1 percent a year.

No one wants to stick their neck out and call the bottom," says Ron Bevaqua, a senior economist with Merrill Lynch in Tokyo, who can list the positive things going on but nonetheless forecasts that this revival, like others before it, will sputter. He fears that consumers will stop spending.

That pervasive pessimism has obscured positive developments that would provide encouragement anywhere else. At long last, the government is doing everything it can to stimulate the economy with fiscal and monetary policy. Steps are being taken to re-

capitalize banks and alleviate the credit crunch. Japanese corporations are restructuring in ways that will make them more efficient. The number of new corporate bankruptcies has fallen sharply.

But because Japan has been down for so long, many doubt that announced reforms will be carried out, and almost everyone is cautious. As retail sales rose in recent months, manufacturers hesitated to step up production. Now inventories are at a four-year low and production is starting to rise.

The most obvious clue that change is at hand is the performance of small Japanese stocks. Most of them depend on the local economy and are of little interest to foreign investors. So in the years since the bubble burst, they have had almost nothing going for them. The Japanese index of over-the-counter stocks fell by 85 percent from its 1990 peak to last October's low. But now it is up 50 percent from the low.

Large Japanese companies, more dependent on exports, have not done as well. Even with Friday's leap of 5 percent, the Nikkei 225 is just 16 percent above its October low.

It is still possible that consumers will be reluctant to continue spending, or that those in the government who are appalled by the big budget deficits being posted will try to raise taxes, repeating the mistakes that so hurt the economy last year. It is not certain that Japan's banks will succeed in putting their bad loans behind them, or that they will be willing to lend to businesses without the government guarantees now being used to stimulate lending.

In addition, notes Robert Barbera of Hoenig & Co., one of the few economists who expect Japan to grow this year, "they have to prevent easy money at home from deteriorating into a collapsing yen, because the world needs them to generate a homegrown recovery, not an export-led expansion."

But consider what will happen if the pessimists are wrong. Just as Japan's

falling yen and the retreat of Japanese banks helped cause the Asian collapse, the reversal of those trends could assure that tentative recoveries in South Korea and Thailand continue. A growing Japan would help to stem deflationary forces in the world, helping manufacturers and commodity producers.

Not everything will be better with a healthy Japan. Already, Japan's big deficit financing is boosting long-term interest rates there and is one reason why long-term rates are rising in the United States. The environment will not be quite as nice for consumers, who will see more inflation and higher mortgage costs. Japan will seem like a better place to invest money, making the United States seem less attractive and perhaps putting pressure on the dollar.

But, to say the least, all that would be worth it. Only months after many were worrying that a global recession, or worse, was at hand, there are signs that the sickness of the big economies is off the critical list and on the way to recovery.

The New York Times

## Bad News for Albright: Kosovo, Iraq, Russia and China

By Charles Kranthammer

WASHINGTON — Accompanied by her usual train and trailing the majesty of the greatest power on the globe, Madeleine Albright twice descended upon the Kosovo conference in Rambouillet, France, confident that her very presence would bring peace to Kosovo, or, if not peace, then at least a few cathartic air strikes or a conscience-soothing Marine Corps deployment.

Well, she got neither peace nor air strikes nor her deployment. Instead she got the phone hung up in her face by a two-bit leader of the year-old Kosovo Liberation Army, a rabble of armed Albanians so ragged as to make the Irish Republican Army look grand by comparison. "Wag the Dog," in which the United States loses to the Albanians.

What makes it all the more humiliating is that Mrs. Albright's objective in all this was to save the KLA and the Kosovars from destruction at

the hands of the Serbian army. Unfazed, the secretary of state sent Bob Dole, who was taking time off from selling Viagra, to cajole those ungrateful guerrillas to give lip service to her autonomy plan. The KLA, upon reflection, will likely agree. And the United States can then go and bomb Serbia on their behalf.

Such is the state of U.S. foreign policy under Madeleine Albright. She has turned into a master of the empty threat and the useless gesture.

Iraq policy is little more than empty threat alternating with useless gesture. North Korea is untrained, testing and exporting missiles, threatening its neighbors, violating the 1994 "framework" agreement to freeze its nuclear program, even as Mrs. Albright clings to it for fear of having to do something about North Korean violations. Russia is more hostile to the

United States than at any time since the fall of communism, routinely trying to thwart American policy in Iraq, Kosovo, Iran and wherever else it can.

And China. Mrs. Albright followed her Rambouillet fiasco with a visit to China that can only be called puzzling.

She makes a great point of delivering a short lecture or two on human rights, even as she demonstrates that the United States is prepared to do absolutely nothing to back up these "values." In preparation for her visit, one human rights activist was sentenced to a labor camp, and 10 others were arrested for trying to start a political party.

She says how unpleasant all this is. The Chinese tell her to mind her own business. And they then get down to business, working on the terms for China's entry into the World Trade Organization. Yet remember how Mrs. Al-

bright was ushered into her office two years ago with swooning front-page stories about her intelligence, her charm and, above all, her toughness. "The lady is a hawk," sang Newsweek. "The Munich mind-set has made Mrs. Albright far from squeamish about the use of military force," chimed in The New York Times.

Where did this nonsense come from? This is a woman who supported the nuclear freeze (the flabbiest, stupidest strategic idea of the 1980s), opposed aid to the Nicaraguan contras and opposed the Gulf War. Ah, but she was for getting tough in Somalia.

Mrs. Albright no longer gets fawning coverage. Now she gets merely sympathetic condescension. Oh how tough it is to be secretary of state in such an unruly world! variety. CBS News, for example, aired a long puff piece on her Rambouillet fiasco: What good intentions, what difficult prob-

lems, what stubborn negotiators! Why does she get such an easy ride in the media?

It is unmanly to point out that her tenure has been a mess and a mediocrity? If Warren Christopher had committed a miscalculation as large as hers at Rambouillet, he would have been pilloried.

Indeed, Mr. Christopher—the Damascus pilgrim, 27 visits for naught, Hafez Assad's favorite wind-up toy—was routinely pilloried for a lot less. Being stuffed by the dictator of Syria is bad, but not half as bad as being dised by the wooden men of Kosovo.

Moreover, Mr. Christopher had the virtue of making no pretense of toughness. The self-proclaimed daughter of Cowich, on the other hand, has specialized in a policy of assertive bluff. Her most remarkable achievement has been to make one wishful for Warren Christopher.

Washington Post Writers Group

## Good News From the Balkans: Bulgaria and Macedonia

By William Pfaff

PARIS — Since early in the 19th century, it has seemed that the search for national affirmation by the Balkan peoples was a vocation of suffering and frustration for them, while posing political conundrums for the great powers. This is still the case, as the Kosovar Albanians attempt to claim national independence in the land they now occupy, land that the Serbs have historically dominated.

The Western powers, with America in the lead, have knotted themselves into an effort to appease the Albanians with something less than independence, while convincing the Serbs that they must yield the substance of control over Kosovo, keeping only a nominal sovereignty.

These efforts, which have thus far been unsuccessful, reflect Western concern for what remains of stability in the region. The powers fear that independent Albanian Kosovars would try to unite with Albania itself, placing divisive pressures on Macedonia, which has an ethnic Albanian minority.

Macedonia's own history is one of hostile claims by its Bulgarian, Serbian and Greek neighbors. Western diplomats fear that ethnic divisions inside Macedonia could reignite these claims and cause a larger disorder that could bring Turkey into the affair as well, because of its historical association with the entire region.

Macedonia thus is central to continued stability, which is why a UN peacekeeping force has been stationed there and Macedonia has been made the staging area for a NATO force ready to intervene in Kosovo.

A positive development in Macedonia's relations with Bulgaria, its most important neighbor, therefore warrants attention. Macedonia's troubles with Bulgaria, Greece and Serbia have involved what outsiders might call trivial issues, but issues which have been central to the national claims of all the peoples involved. Their resolution is an essential step forward in Balkan affairs.

Macedonia was part of Tito's

Yugoslavia, considered an autonomous state and distinct nationality. As the Yugoslav federation began to come apart in the late 1980s, the Macedonians elected a non-Communist government for their republic. A year later, in 1992, they declared independence.

Greece contested the claim of independence, insisting that the name Macedonia historically denoted a part of modern Greece, and that the Macedonians' claim to international recognition under that name implied an irredentist claim on Greek Macedonia.

This produced a tedious but venomous quarrel. The current government of Greece has backed away from the argument, encouraged to do so by the other members of the European Union and by the United States.

The new Macedonia's other major problem, a long-standing one, has been with Bulgaria, which in the past claimed Macedonia. A reciprocal problem concerned Macedonia's claim to represent what it said was an oppressed Macedonian minority inside Bulgaria. A third dispute, heavy with nationalist significance, concerned whether Bulgarians and Macedonians speak different languages.

On Feb. 22, the Bulgarian and Macedonian governments signed a joint declaration in Sofia meant to put an end to "the artificial problems between our two countries."

Prime Ministers Ljubco Georgievski and Ivan Kostov renounced territorial and nationality claims upon one another, declared that neither government would allow its territory to be used by groups

hostile to the other, and noted that the common language of the document they signed was "Bulgarian, in accordance with the constitution of Bulgaria, and Macedonian, in accordance with the constitution of the Republic of Macedonia."

They concluded that they had thereby "found a way to speak in the language of a united Europe." Both governments have now aligned themselves with the progressive European currents in the region.

The agreement's promise of enhanced stability for Macedonia counters fears that Kosovo independence would destabilize the country. A Bulgarian commentator has observed that the NATO troops now in Macedonia "are expected to remain in one form or another, since Macedonia, not Kosovo, is at the heart of Balkan politics" and "Bulgaria now has become an important artery sustaining that heart."

This makes a subtle alteration in the terms of the Kosovo negotiations, which are to resume in France in mid-March. Kosovo's independence, if and when it can be negotiated, will not be quite so dangerous as it seemed before.

With Macedonia stabilized, the international dimension of the threat is greatly reduced. This would also be true in the more dangerous circumstances of Serbian intransigence and war by the Kosovo Liberation Army to free its country. Neither prospect is a bright one, but what happened in February in Sofia has made them rather brighter than they were before.

International Herald Tribune, Los Angeles Times Syndicate

## How Clinton Delivered for China

By William Safire

WASHINGTON — During the 1996 Clinton campaign for president, China's agents of influence had the run of the White House as they raised millions for the Clinton campaign. Chinese military intelligence officials were waved in without clearance. U.S. executives contributed megabucks as they lobbied for easier approval of sales of sensitive technology to Beijing.

In the midst of this, in April of 1996, a Department of Energy official informed President Bill Clinton's deputy national security adviser, Samuel Berger, (1) that China had probably stolen U.S. secrets of making warheads small enough to enable long-range missiles to pack multiple nuclear punches, and (2) that the suspected spy was still at work in the Los Alamos laboratory in New Mexico.

Mr. Berger, who sat in on most of the political meetings with Mr. Clinton's Asian fund-raisers, did nothing. The internal security division of the Department of Justice apparently did not ask a court for writtap authority under the Foreign Intelligence Surveillance Act. At Reno Justice, investigating any Chinese penetration is a no-no.

More than a year later, after news stories and columns about Mr. Clinton's "Asian connection," had stimulated law enforcement officials and a Senate committee to besmirch themselves, FBI Director Louis Freeh and CIA Director George Tenet went to the office of Energy Secretary Federico Peña. "Louis and George read him the riot act," a meeting participant tells me,

"about lax security at Los Alamos."

But nothing happened for a year and a half. Senator Fred Thompson's hearings on the Asian connection were politicized and truncated by John Glenn and Tom Daschle. Not until late 1998, when a bipartisan House select committee under co-chairmen Chris Cox and Norman Dicks began asking questions about Chinese espionage, did a new energy secretary begin to lock the barn door.

For months, the House select committee has been negotiating with the Clinton Secrecy Brigade to declassify most of its 700-page report. The White House hopes to delay clearance until the select committee goes out of business in April, when criticism of the espionage defeat and its Clinton cover-up could be diffused and buried.

But Mr. Berger did not reckon with the journalistic enterprise of James Risen and Jeff Gerth of The New York Times. Their story on Saturday, headlined "China Stole Nuclear Secrets for Bombs," showed how the theft of nuclear secrets enabled China to leap a generation ahead with warheads that can be launched from under water.

The reporters quote Paul Redmond, the CIA's former counterintelligence chief who caught the Soviet spy Aldrich Ames, assessing the impact on U.S. defenses of this Chinese espionage: "This was far more damaging to the national security than Aldrich Ames." Mr. Berger has a unique

geopolitical Weltanschauung: Whatever elects Bill Clinton and protects him from criticism is good for national security. Accordingly, his spin control will be: The initial breach happened in the '80s, so blame Reagan, not us.

Besides, goes the White House line, when a Berger flunky asked for a quickie CIA "alternative analysis" of the suspicions of the Energy Department's Notra Trulock, that whistleblower's warning was degraded as merely "a worst-case scenario."

Not yet denied, but likely to be unless witnesses were present, is The Times' account that Mr. Trulock "was ordered last year by senior officials not to tell Congress about his findings because critics might use them to attack the administration's China policies," officials said. "For spilling the beans, Mr. Trulock was demoted."

Now we are getting to the nub of it. Yanked to a complete turnaround on trade policy with China by the Rialty family and other heavy campaign contributors in the satellite and computer businesses, Mr. Clinton did not want Congress — empowered by law with oversight of intelligence — to know what the FBI and the CIA and the Department of Energy suspected about China's spy in Los Alamos.

Although aware of the dangerous spying, Mr. Clinton still insisted that regulation of the transfer of sensitive technology be controlled by his self-emancipated Commerce Department. He delivered for China. Will Congress now protect the interests of the United States?

The New York Times

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1899: Events in China

NEW YORK — The San Francisco "Call" takes this peculiar view of events in China: "There is no occasion for surprise that the Chinese are slaying missionaries. It must be remembered that these good men and women are representatives of the godly nations which are even now scheming to steal China, and are discussing the project with all the candor of a band of burglars."

## 1924: Political Battle

WASHINGTON — What at its inception was a proper investigation of the right of a Cabinet officer to lease to private interests naval oil reserves, has developed into a political battle in which no reputations are safe and even the members of the Senate are powerless to stop the allegations. Former Secretary of Interior Fall and Attorney-

General Daugherty are merely pawns in the game: the stake is the presidency. The attacks upon public officials in high posts are intended by Democrats to gain political capital rather than being well-founded accusations of conspiracy.

## 1949: Hollywood Woes

PARIS — Until recently press releases from Hollywood concerned themselves with Betty Grable's legs and Errol Flynn's fistfuffs. This communique concerns itself with its business woes. With movie people crying in their swimming pools and producers stating "All we have to fear is fear itself," the industry is undergoing a change. It is at a loss as to where it stands with television. Few pictures can be made so cheaply and when television networks span the country — ? Hollywood's wonderful era of nonsense is about to come to an end.

**Herald Tribune**  
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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.  
Tel: (1) 41.43.93.00. Fax: Subscriptions, (1) 41.43.92.10. Advertising, (1) 41.43.92.12. News, (1) 41.43.93.38.  
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S.A.S. au capital de 1.200.000 F. RCS Nanterre B 73202126. Commission Paritaire No. 61337  
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OPINION/LETTERS

# Science Is Warming to Intimations of Immortality

By David Ignatius

WASHINGTON — What will people die from 100 years from now? If you think that is a simple question, you have not been paying attention to the revolution that is taking place in biotechnology.

"Death will come mainly from accidents, murder or war," said William Haseltine, chief executive of Human Genome Sciences Inc., a local biotechnology firm. He said that with the tools of "regenerative medicine" that will become available in the 21st century, the human body should last a very long time. Today's leading killers — heart disease, cancer, Alzheimer's and the "aging process" itself — might become distant memories of the species.

In discussions of technological change, the Internet gets most of the attention these days. But the transformation beginning in medicine could be the real technological event of our era. Take the question of mortality, surely the primary concern of humankind since our brains developed the ability to contemplate our eventual demise. Until recently, scientists were sure that our basic cellular material eventually would wear out. Whatever advances might come in the treatment of cancer or heart disease, it was thought, this cellular life span could not be stretched much beyond 120 years.

But Mr. Haseltine and others say these upper limits will be shattered by new kinds of medical therapy.

Take our basic organs, such as the heart, liver, lungs and brain. Sometime between 2050 and 2100, medicine will have advanced to the point at which every 10 years or so, people will be able to take a regenerative dose of "stem cells" that can restore the various organs. These stem cells, the basic building blocks of life, will build new heart and lung cells.

"We will molt like lobsters," replacing tired old cells with vigorous new ones, predicted Mr. Haseltine, a prominent scientist who once headed the biochemical pharmacology lab at Dana-Farber Cancer Institute in Boston.

If something goes wrong with one of our organs despite these stem-cell cocktails, then 21st century medicine will repair or replace the damage.

Today we implant chunky artificial knees and hips, but by late in the 21st century we will be able to fabricate replicas of human organs, using biocompatible materials engineered down to the tolerance of a single atom. The list of these microprosthetic devices runs from artificial veins to ear drums and retinas — even to artificial memory, stored

in chips that will be built like neurons. The beginnings of this future are on display in Rockville, Maryland, where biotech companies are sprouting like mushrooms in a petri dish.

Mr. Haseltine's company, Human Genome Sciences, operates a robot-driven assembly line there — which makes the old biology lab look as dated as a coach-and-buggy shop.

In one wing, rows of machines do the once laborious job of identifying (or "sequencing") strands of DNA. A few years ago, the first generation of these machines could analyze 36 lanes of DNA, two times a day. This generation can handle 96 lanes, four times a day. The next generation, still packed in wooden crates in the lab, will double or triple that speed.

Human Genome Sciences has tested about 2 million gene fragments and from these has isolated what it believes are about 120,000 different genes, which are stored in forbidding gray freezers. Of these, about 12,000 appear to be critical "signaling molecules" that stimulate other cells to grow, change or die, and thus have special value as potential drugs.

The company now is testing these 12,000 signaling agents against other kinds of

cells, to see which ones trigger action in particular kinds of tissue.

On the day I visited, it was testing the signaling agents against dendritic cells, sentinels for the body's immune system. It will take a week to test all 12,000, and when they are done, the scientists will know which ones stimulate the immune system — and thus will have new leads for possible drugs.

Using this automated discovery process, Mr. Haseltine's company has produced three potential drugs that started clinical trials a year ago. One helps protect bone marrow cells from the effects of chemotherapy; another helps skin and other tissue recover quickly from burns, wounds or chemotherapy; a third helps regenerate blood vessels.

All are based on the body's natural repair mechanisms. Even if the trials are successful, the drugs will not be available commercially for another two to four years.

It is at once exhilarating and horrifying to imagine that science may be altering this most basic condition of human existence — senescence. Many technical obstacles would still have to be crossed on the way to this amazing future, but Mr. Haseltine may be right when he says, "This is the first time we can conceive human immortality."

The Washington Post.

# Blame the Swelling Portions For Expanding Waistlines

By Ellen Goodman

BOSTON — It is breakfast time and I am staring at a bagel in the face. This is not your father's bagel. This is not the bagel your forebears ate in New York. This is The Bagel That Ate New York.

How did I hold my tongue about the saga of the Incredible Expanding Bagel? Was I too focused on the multicultural, ecumenical takeover of this ethnic item? For over a year, I have

## MEANWHILE

been grumbling at the chocolate chip bagel, the jalapeño bagel, the honey-wheat-cheddar-blueberry bagel — concoctions that would make my ancestors roll over in their graves. But then of course, they were thin enough to do so.

The breakfast before me, however, is a bagel on growth hormones. It has heft and girth. It does not weigh in at the government-certified 2 ounces (56 grams) accorded its species, but rather at 5 ounces. In fact, it has added relatively more to its diameter than I have added to mine.

Forgive me for this anti-bagel rant. But it occurs to me now that my round breakfast — thank God for the hole in the middle — is not the only food that has been growing before my very eyes.

In America's food world, less is now measurably more. At the movies, the small popcorn box of my childhood has trip'd into the large bag that is now labeled small. The 6-ounce bottle of Coca-Cola, circa 1916, has grown up to be a 12-ounce Coke. The 1-ounce Hershey bar now comes out of the vending machine 50 percent heavier.

Any American who eats out — and a third of all meals in the United States are now out of the house — can tell you that the appetizer is now the size of an old main course. At McDonald's, the small order of french fries is the size of the original large. At my favorite coffee shop they have eliminated small and medium altogether, so that the dialogue with the server sounds like a comedy routine:

"I'd like a small latte, please."  
"One tall coming up."  
"No, a small."  
"Tall is small."  
"Tall is small?"

"Yes, medium is grande!"  
What is going on here? We do not have to be entirely paranoid to wonder if we are being fattened

up for the cardiovascular kill. If food is a growth industry, we are already in plus-sizes.

Before the era of the Incredible Expanding Food, one in four Americans was overweight. Now it is one in three.

Lisa Young, a nutritionist at New York University, said that people's perceptions were changing in proportion to portions.

Ms. Young had a class of students bring in what they thought was a "medium" potato, a medium apple, a medium muffin and, yes, a medium bagel. Their "medium" dwarfed the U.S. Agriculture Department's definition of medium.

The bigger-is-better theory of marketing is not all that complicated. It is about selling more food. If you give more, you can charge more. Most of the cost of a soft drink is in the label and bottle. By now Americans are convinced of the value of the "giant economy size." So convinced that research shows they buy "two for \$1" even when one is 50 cents.

Marion Nestle of New York University offered up the underlying secret: "We greatly overproduce food. The American food supply provides an average of 3,800 calories for every man, woman and child on a daily basis." But most of us do not need much more than 2,000 calories. You do the math.

The doggie bag is now a staple of restaurant dining. But when we buy giant economy size, we do actually eat giant economy size. Last year, an Illinois researcher had parents go home with videos, popcorn and M&Ms. The people who got the one-pound bag of candy ate 112 M&Ms, the people with the two-pound bag ate 156 M&Ms. They all ate half the popcorn whether it was the huge "medium" or the gargantuan "jumbo."

So my giant bagel is a value on the same scale as buying a larger dress because you get more yardage for the dollar. The only difference is that at this rate, the larger dress will fit.

No, I will not join the people who think America should have a higher tax on junk food, though perhaps a graduated food tax would be appropriate with a sliding scale from supercolossal to merely tall. I will hold that thought until the magical moment my bagel reaches dinner plate proportions.

The Boston Globe.

## LETTERS TO THE EDITOR

### Sharing Timor's Burden

Regarding "Toward Democratic Indonesia and a Viable East Timor" (Opinion, March 4) by Donald K. Emerson: Mr. Emerson seems to believe that the United States is the only actor that can play an important role in the future of

East Timor. He may be right that President B.J. Habibie of Indonesia "should have no illusions that Washington is eager to shoulder the burden of sponsoring the independence of East Timor." But some other countries, instead, are eager to do so, and have no wish for the burden to fall on the United States.

First on the list is Australia. Despite its longtime ambiguity regarding East Timor, Australia has now made it clear that it wants to be involved in the territory's inevitable transition. It will only do what benefits its trade with Indonesia and East Timor, but if this involves sponsoring East Timorese independence, then it will do so.

The other obvious one is Portugal. Eager to close the deep wounds left by its colonization, Portugal is keen for East Timor to become a democratic, prosperous island with close ties to Portugal. This has become a realistic prospect.

More governments can be added. The foreign ministers Lloyd Axworthy of Canada and Don McKinnon of New Zealand have expressed interest in helping East Timor's transition. To a lesser extent, support can also come from Brazil, South Africa and even the Philippines. Finally, it should be added that East Timor is largely Catholic, which will mean greater solidarity from Catholic nations worldwide and from the church.

MAURIZIO GIULIANO, Santiago.

### A Perplexing Acquittal

Shame on the U.S. military establishment and justice system for its acquittal of Captain Richard Ashby in the negligent death of 20 skiers while performing some sort of "Top Gun" machismo in the Italian Alps. Had there been Americans in that cable car, it is certain he would have been found guilty of some crime involving manslaughter.

### The Banana Playing Field

Perhaps there is a pragmatic solution to the U.S.-European Union banana dispute.

Why cannot the EU channel funds to the Caribbean consortium of banana growers for onward transmission to the U.S. Democratic and Republican parties' campaign funds?

Then, on the level playing field thus established, competition with the banana producers and distributors favored by the United States could take place in the open, and "market forces" could take their course.

MICHAEL GARRETT, Milan.



## BOOKS

### LIVING FOR THE CITY

By Jervey Tervalon. 190 pages. \$13. Incommunicado Press.

Reviewed by Ricardo Cortez Cruz

ALTHOUGH these 23 linked stories are fiction, "Living for the City" seemingly fakes nothing. It is serious in documenting the certainty that a New Jack City, a crime-riddled "darktown," exists in every major U.S. metropolis.

Jervey Tervalon intelligently attacks the myths concerning ghettoecentricity and shows that, contrary to what many black rap artists say, it's not "all good" in the "hood." The book follows a young clique of intense knuckleheads, gladiators, chumps, punks, hoodlums, young fathers, rebellious sisters and a slew of other lazy homeboys. Raised in South Central Los Angeles like his characters, all of them justifiably raging about something, Tervalon reaffirms our suspicions that maybe it takes somebody like a brother from the street to expose the unsafe world beyond home. With its concise, unflinching depiction of the rise of gang-

bangers and how the promise of increased drugs and violence altered the course of everyone's lives, "Living for the City" is so real it seems like a memoir.

The novel begins with a brief, nostalgic episode in the 1960s, a period characterized by a massive black migration to California and the rest of the West. Then it moves to the '70s, and focuses on Garry Michaels, who narrates the story. An outsider (from New Orleans and Texas), Garry is no saint, but despite his flaws he is smart enough to understand that California might be corrupting. The street gang known as the Crips, sporting a colorful membership of "regular brothers transformed into gangsters," has become an epidemic, a mind-control disease to be afraid of. "Like in 'Night of the Body Snatchers,' kids started converting," Garry says. "It was inevitable, or so it seemed, that sooner or later we were all going to die some stupid, embarrassing death."

The plot, which includes a dramatic black male coming-of-age story, probably won't, or shouldn't, escape comparisons. The black gangster films

"South Central," "Boyz n the Hood" and "Menace II Society" come to mind. But the striking resemblance between "Living for the City" and these movies doesn't mean that Tervalon's tales lack originality or exude cheesy Hollywood sentimentality. A host of disturbing subplots keeps the writing fresh, the narrative uncompromising and the pages hot and turning. The book also contains its fair share of showstoppers, and a harsh depiction of the effects of unrequited love.

These stories hit hardest at a psychological level. Try to read them as self-contained, and several of the shorter are not nearly as satisfying. And the endings, the final sentence or statement, often fall short, sacrificing force for the cohesion and movement of the overall narrative.

But the trippy situations that Tervalon's characters talk about and/or suffer through are right on target with reality, and that makes "Living for the City" a triumph.

Ricardo Cortez Cruz, the author of two novels, wrote this for The Washington Post.

## CHESS

By Robert Byrne

IN RESPONSE to criticism that his chief strength in chess is openings research, in which he is helped by a team of grandmasters, Garry Kasparov stated that his forte is not in openings but in middle-game tactics. To prove his point, one has only to look at his tour de force against the Bulgarian grandmaster Veselin Topalov in Round 4 of the Hoo-goven International Tournament in Wijk-aan-Zee, the Netherlands.

Kasparov did not do well in the opening. Despite his having White and the advantage of moving first, he got nowhere. But then he conjured up a shower of arrows to engulf his opponent. It is one of the most scintillating games of recent years.

The Classical System offshoot against the Pirc Defense that Kasparov was setting up with 6 f3 was nicely met

by 6...b5; any thought by White of aggression in the center would find Black ready for a queenside counterattack.

Topalov had wisely delayed casting on the kingside, so Kasparov's 8 Bb6 Bb6 9 Qb6 had little effect. After 13...O-O-O, the black king was safe on the other wing.

After 21 Rhe1, Topalov could have shown that Kasparov's opening play had gained no advantage for White and was thus a failure. Thus, 21...de 22 fe Ne4 23 Rd8 Ne3 24 bc Qd8 25 Qf7 Kb8 26 Qf4 Ka7 27 Qf7 Ka7 will produce perpetual check. But he went for more with 21...d4, unwittingly unleashing Kasparov's tactical genius.

Topalov had not calculated the almost incalculable 22 Nd5! He saw enough to back away from 22...Nfd5? 23 ed Qd6 24 Qf7 Kb8 25 Re6 Qc7 26 Re7 Nd7 27 Nc6 Bc6 28 dc Qc6 29 Bc7, which wins a piece. But after 22...Nbd5 23 ed Qd6, he surely had not imagined that Kasparov's amazing rook sacrifice, 24 Rd4!, was in the offing.

Refusing it with 24...Bd5 25 Qd6 Rd6 26 Rd3 c4 27 Rd3 Kb6 28 b4 cb 29 Nb3 was the correct course, but Topalov, unaware of the depth of the danger, snapped up the rook with 24...cd?

With 25 Re7!, Kasparov offered a second rook, but this one was also hands off: thus 25...Qe7 26 Qd4 Kb8 27 Qb6 Bb7 28 Nc6 Ka8 29 Qa7 mate. And after 25...Kb8 26 Qd4 Nd7 27 Bd7 Bd5 28 c4! Qe7 29 Qb6 Ka8 30 Qa6 Kb8 31 Qb6 Ka8 32 Bc6 Bc6 33 Nc6 Rd7 34 Ne7 Re5 Qb5. Black loses flatly.

After 25...Kb6 26 Qd4, Topalov could not hold out with 26...Qc5 27 Qf6 Qd6 because of the lovely, lethal 28 Be6! Bd5 29 b4! Ba8 30 Qf7 Rb8 31 Bb3 Rf8 32 Re6 Rf7 33 Rd6 Kc7 34 Ra6 Re7 35 f4, with a winning knight-plus-three-pawns for a rook.

After 29 Ra7!, defense by 29...Rd6 is exploded by 30 Kb2! Qd4 31 Qd4 Rd4 32 Ra6 mate.

Instead of 30...Qc4, a more subtle defense would have been 30...Rb8 31 Rb6 Ra8, but the incredible 32 Bf1! 32...Nh5 33 Rd6! Re1 34 Kb2 Qc5 35 Rd4! permits no defense to the threat of 36 Qb3! Thus, 36...Qd4 37 Qd4 Ra8 38 Qd5 ends it.

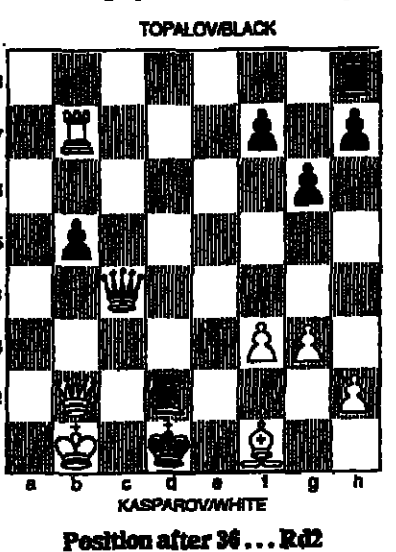
After 31 Qf6, Topalov might have tried 31...Rd1 32 Kb2 Ra8 33 Qb6 Qd4 34 Qd4 Rd4 35 Rf7 Rd6 36 Rd7! Rf6 37 f4 a5 38 c3 Ra6 39 Bg2 Rf6 40 Bf3 Rd6 41 Rd6 Rd6 42 Be4! forces a winning king-and-pawn ending.

Kasparov's 33 c3! started a virtuoso finish to his amazing attack. After 33...Kc3 34 Qa1 Kd2 35 Qb2 Kd1 36 Bf1! Rd2 37 Rd7!, the last bit of fight had gone out of Topalov.

After 44 Qa7, he gave up his hopeless position.

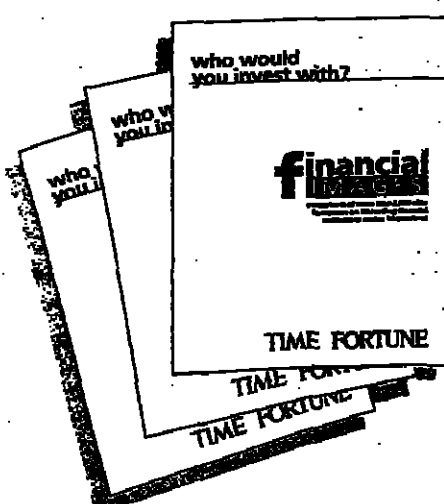
### PIRC DEFENSE

White Kasparov	Black Topalov	White Kasparov	Black Topalov
1 e4	d6	23 ed	Qd6
2 d4	Nf6	24 Rd4	c1
3 Nc3	g5	25 Be7	Eb8
4 Bc3	Bg7	26 Qd4	Ra5
5 Qd2	c8	27 b4	Ka4
6 f3	b5	28 Qc3	Qc5
7 Nge2	Nbd7	29 Ka7	Bb7
8 Bb6	Bxb6	30 Bb7	Qc4
9 Qb6	Bb7	31 Qb8	Ra2
10 a3	e5	32 Qa8	Rd4
11 b4-a4	Qe7	33 c3	Kc3
12 Kb1	a8	34 Qa1	Rd2
13 Nc1	0-0-0	35 Qc2	Kd1
14 Nb3	ed	36 Bf1	Rd2
15 Rd4	c5	37 Rd7	Rd7
16 Rd1	Nb6	38 Bc4	bc
17 g2	Kb8	39 Qa8	Rd3
18 Na5	Ba8	40 Qa8	c3
19 Bb3	d5	41 Qa4	Ka1
20 Qe4	Ka7	42 f4	f5
21 Rhe1	d4	43 Bc1	Rd2
22 Nd5	Nd5	44 Qa7	Resigns



Position after 34...Rd2

which is Europe's leading institution?  
which European company has the highest level of online banking?  
how do European companies view your company?



financial images reveals over 2,600 top Europeans' perceptions of 90 leading financial institutions across 14 countries

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## INTERNATIONAL

## Gaffes Force High Official To Resign In Japan

By Sotom Efron  
Los Angeles Times Service

TOKYO — Accused of abusing power, making inappropriate remarks and bending the law as a favor to the American movie star Arnold Schwarzenegger, Justice Minister Shozaburo Nakamura resigned Monday to spare his boss further embarrassment.

He was the second member of the cabinet to resign under a cloud since Prime Minister Keizo Obuchi took office in July.

[An upper house lawmaker, Takao Jimmouchi, was sworn in late Monday as Mr. Nakamura's replacement, a Prime Minister's Office official said, Reuters reported. "I deeply recognize the importance of my job during these harsh times for Japan and other nations and will try my best for our country's prosperity and development," Mr. Jimmouchi said in a statement.]

It has become something of a Japanese tradition for cabinet officials to be forced out for making statements offensive to Asian neighbors, and Mr. Nakamura's troubles began in January when he called on Japan to revise its pacifist constitution and create a full-fledged military.

Although many conservatives share that view, the remark by a cabinet-level official startled the Foreign Ministry, whose job it is to soothe fears in China, South Korea and elsewhere that Japan intends to remilitarize.

At an official New Year's party Jan. 4, Mr. Nakamura attacked U.S. economic and trading practices as unfair.

"When other countries start winning under America's free-market economic system, nuclear bombs and missiles start flying," he said.

The opposition has been watching Mr. Nakamura ever since, and allegations of wrongdoing trickled out steadily in the Japanese media.

The most sensational of these alleged gaffes dates from October, when Mr. Schwarzenegger flew into Osaka on a private plane and was allowed to enter the country without a passport. The star said his passport had been stolen. No evidence has been made public to suggest that Mr. Nakamura personally approved the admission. But ministry documents on the matter disappeared for months, prompting speculation that the minister, who admitted in Parliament that he and his family are big fans of Mr. Schwarzenegger's, had pocketed them as a souvenir.

Mr. Nakamura is also alleged to have abused his authority by ordering an investigation of a resort under development on Ishigaki Island. The resort might have posed a competitive threat to a nearby hotel in which the minister had invested heavily, according to media reports.



HERE COMES THE BRIDE — Helpers leading the way during a wedding ceremony in Cambodia for Prime Minister Hun Sen's daughter, Hun Mana, and Moeung Kompheak, son of a Defense Ministry general.

## FOOD: Alarms Sounds on Antibiotics Use

Continued from Page 1

antibiotics produced every year in the United States, about 40 percent is given to animals, mostly as feed additives to promote growth.

On one side, the drug and agriculture industries say the Food and Drug Administration is going too far toward restricting access to antibiotics, which they insist are essential to produce safe and affordable meat and poultry. The industries also say the proposed rules will make drug development, already difficult and expensive, even more so.

On the other side, public-health and consumer advocates, as well as some scientists, say the agency is not going far enough, because antibiotics are a precious medical resource that should not be squandered to fatten animals.

On Tuesday, a coalition of 37 groups, led by the Center for Science in the Public Interest, a nonprofit group in Washington, will petition the FDA to separately rule that if a drug is used to treat diseases in people, it can no longer be given to animals as a growth promoter.

Dr. Stephen Sundlof, director of the center for veterinary medicine at the FDA, said the agency was acting now because the nation is in a vulnerable period, with no new classes of antibiotics expected to come onto the market for several years. That makes it all the more important to preserve the potency of existing drugs, he said.

The petition by the Center for Science in the Public Interest and other groups will ask the United States to follow the

lead of Europe, where antibiotics used to treat people cannot be given to animals to promote growth. They were given to livestock in the past, but the European Union banned the practice on the recommendation of the World Health Organization.

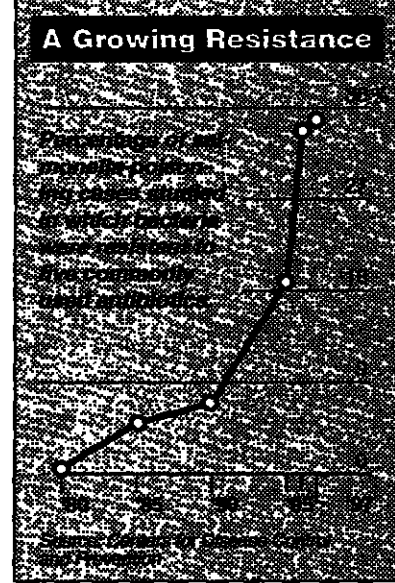
In the United States, however, 6 of the 17 classes of antibiotics given to animals for growth promotion are also used to treat sick people. Even though Americans need a prescription to get the drugs, farmers can buy many of them over the counter in feed stores.

Dr. Sundlof said that it was beyond the authority of the FDA to pass a blanket ban like the one the advocacy groups wanted.

Dr. Stuart Levy, director of the Center for Adaptation Genetics and Drug Resistance at Tufts University in Boston, said that he did not think it was necessary to ban all antibiotics for growth promotion. But he also said: "I would very rapidly remove human antibiotics from growth promotion. The U.S. has to join the European Union on that."

Many scientists believe that giving low doses of antibiotics to animals over long periods brings out resistance. Scientists say that resistant bacteria from animals can make people sick in several ways. A person can become ill from contact with an animal carrying a disease-causing resistant germ, or from handling contaminated meat or eating it when it has not been cooked enough to kill the bacteria. The infection may be difficult or even impossible to treat.

In some cases, the resistant bacteria



may themselves be harmless, but live on in the gut and cause trouble later by passing their genes for antibiotic resistance to other bacteria, ones that cause disease. Or, if a person's immune system is weakened by illness or chemotherapy, the otherwise harmless bacteria can turn dangerous.

At the Centers for Disease Control and Prevention, researchers said they had been detecting increases in the levels of drug-resistant bacteria found in people with gastrointestinal illness from the microbes salmonella and campylobacter, which are most commonly contracted from contaminated meat or eggs.

## Clinton Opens 4-Day Trip To Rally Central America

Reuters

MANAGUA — President Bill Clinton opened a four-day visit to Central America in Nicaragua on Monday to survey the devastation left by the hurricane designated Mitch and promote stable democracies in a region once shattered by civil wars.

When Air Force One landed on a warm, windy morning at Augusto Cesar Sandino International Airport, Mr. Clinton became the first U.S. president to visit Nicaragua since Lyndon Johnson in 1968.

Hillary Rodham Clinton had been expected to accompany the president on the trip but remained back in Washington because of back trouble. The first lady visited Central America in November to observe the hurricane damage.

During a red-carpet arrival ceremony on the tarmac, Mr. Clinton was greeted by President Arnoldo Aleman.

Schoolchildren in crisp white shirts and dark blue skirts and trousers lined the red carpet holding up U.S. and Nicaraguan flags in the breeze.

After the ceremony, Mr. Clinton flew by Marine One helicopter to Posoltega, 75 miles (120 kilometers) northwest of Managua, near the site of the single worst disaster spawned by the hurricane. A convoy of nine helicopters made up the presidential entourage.

On Oct. 30, after days of torrential rains, an enormous wall of mud rolled down the side of La Casita Volcano with a sound that residents thought was an approaching fleet of helicopters. It engulfed the communities of Rolando Rodriguez and El Porvenir, killing about 2,000 people and leaving thousands homeless.

The United States has already spent \$305 million for recovery in the region following the storm, and the administration is trying to push through Congress another \$956 million.

Mr. Clinton brought about \$25 million more in aid with him, funds that were already in the State Department budget. The outlay included \$10.6 million to improve health care, \$12.5 million to rebuild schools and help the education system and \$1.5 million to temporarily shelter 4,000 people. Another \$1.8 million will be used to help regional efforts to dismantle land mines.

Throughout the trip, Mr. Clinton will highlight Washington's efforts to aid Central America in what U.S. officials say is the largest response to a foreign natural disaster in U.S. history. The assistance includes \$600 million in debt relief for Honduras and Nicaragua and a package of trade benefits that the president proposed Thursday to offer easier access to the U.S. market.

U.S. officials said Mr. Clinton also planned to hail the democratic transformation in the region over the past decade after the bloody civil wars of the 1980s. The United States had supported rebels known as contras who tried to overthrow the Sandinista government in the 1980s.

On Tuesday, Mr. Clinton will visit a Honduran military base that is headquar-

ters for the 5,600 U.S. troops helping with the post-storm recovery effort. He will spend Wednesday in El Salvador and complete his trip by attending a summit meeting of regional leaders Thursday in Guatemala.

One issue sure to come up at the summit meeting is immigration. Washington announced Friday that it would resume deporting illegal immigrants from El Salvador and Guatemala.

### BRIEFLY

#### A Moderate Wins El Salvador Vote

SAN SALVADOR — A moderate from El Salvador's ruling rightist party won the presidential election in the first round on Sunday, avoiding a run-off with a former leftist guerrilla chief, election officials said early Monday.

With 94.47 percent of the vote counted, Francisco Flores of the National Republican Alliance was declared the winner in a field of seven candidates with 51.96 percent of the votes, the election board reported.

Even with the votes left to be counted, that margin assured him the 51 percent needed to claim victory outright and avoid a second round of balloting on April 18 in this country, which is still struggling to heal wounds from decade of civil war, officials said. (Reuters)

#### U.S. Planes Strike Iraqi Radar Sites

ANKARA — U.S. warplanes taking off Monday from the Incirlik base in southern Turkey bombed Iraqi radar sites in the northern "no-flight" zone that had posed a threat to the patrolling aircraft, a statement released from the base said.

"Responding in self-defense, U.S. Air Force F-15E Strike Eagles dropped GBU-12 laser-guided bombs on several Iraqi anti-aircraft artillery sites around Saddam Lake," the statement said, without elaborating on the number of planes involved or the bombs dropped. (AFP)

#### Cuba Opens Trial In Hotel Bombings

HAVANA — A 27-year-old Salvadoran who confessed to a string of 1997 hotel bombings intended to damage Cuba's growing tourism industry went on trial Monday, charged with U.S.-backed "terrorism."

"I want to make public my absolute repentance and repulsion for these acts," Raul Ernesto Cruz Leon, choking on his words several times, told the court after the charges against him were read. In a 10-minute address, Mr. Cruz asked for forgiveness.

An Italian tourist was killed by flying glass in one attack. (Reuters)

#### For the Record

Sixteen Algerian soldiers were killed and 21 wounded in an ambush southeast of Algiers, newspapers and witnesses said Monday. (AFP)

## U.S. 'Moved Vigorously' on Nuclear Leak

Reuters

WASHINGTON — The Clinton administration said Monday that a leak of nuclear secrets to China in the 1980s did serious damage but denied accusations that it softened its response to avoid damaging relations with Beijing.

"We don't know the extent of the full damage," Energy Secretary Bill Richardson said. "It is serious but the FBI and our law enforcement people at Los Alamos are pursuing this vigorously." He was referring to the nu-

clear laboratory in New Mexico.

Mr. Richardson denied charges by Republican members of Congress that the administration failed to react decisively after discovering in the mid-1990s that nuclear weapons secrets had leaked to China in the 1980s.

"No, we have moved vigorously, the president, the national security adviser, the FBI, when we learned of these damaging allegations," he said in an interview with CNN. "We investigated. We now have in place some very vigorous measures."

## U.S. Offers Missile-Monitoring Data to Gulf Allies

Reuters

ABU DHABI — Defense Secretary William Cohen met with the president of the United Arab Emirates on Monday and said he had offered to share U.S. monitoring of any Iranian and Iraqi missile tests with six Gulf allies.

Mr. Cohen, emerging from talks with Sheikh Zaid bin Sultan al Nahyan, said the Pentagon could establish receivers in the Emirates, Saudi Arabia, Kuwait, Oman, Qatar and Bahrain to receive U.S. satellite and other intelligence monitoring information on missile tests in the

region.

"We would do this with all of the Gulf states — have a direct link between our sensors pick up and then communicate that to them to keep them apprised of ballistic missile testing taking place in the region," the secretary said. "We think it is beneficial to all of the states and we are hopeful that each state will see it as being in its interests to have that information."

U.S. officials said that no agreements had been reached for such monitoring but that Mr. Cohen had made offers to

Saudi Arabia and Oman during visits over the weekend.

The defense secretary, on the fourth leg of a nine-nation Gulf and Middle East tour to discuss security threats from Iran and Iraq, said that in Monday's talks he denied what he called local rumors and press reports that the United States was "trying to organize or orchestrate a breakup of Iraq."

France has criticized U.S. and British air strikes in the no-flight zones in northern and southern Iraq in response to anti-aircraft fire.

## RUSSIA: Audit Shows Huge Sums Sent Offshore by Central Bank

Continued from Page 1

served a previous term when the offshore network was started, has classified as a state secret parts of a report on the central bank's activities prepared by the Auditing Chamber, a parliamentary investigating body.

Among the subjects stamped secret was the bank's use of hard currency reserves, its payroll, its pension fund and its use of IMF money.

The central bank refused to answer questions submitted in writing by The Washington Post, saying that it would have no comment until another audit has been completed.

The Russian Central Bank is a powerful, largely autonomous institution that has played a key role in the successes and failures of Russia's struggle to establish a market democracy. After the Soviet Union's collapse in late 1991 and the end of price controls in 1992, hyperinflation gripped the country, fueled in part by easy credits from the central bank during Mr. Geraschenko's first term.

Later, it reversed course under Sergei Dubinin and played a key role in bringing down inflation, although critics said he was too rigid in 1998 when a devaluation crisis loomed. Last Aug. 17, Russia devalued the ruble and defaulted on its domestic debts, triggering the worst economic crisis since the Soviet collapse.

The central bank has potent tools for influencing the economy, including buying and selling government bonds, and setting foreign currency exchange rates and interest rates. Moreover, the bank holds a majority share in Sberbank, the state savings bank, and controls parts of other former Soviet state banks.

Aside from its economic policies, the central bank also has been involved in several disputes over its independence and autonomy. One issue has been whether — and how much — the bank should share its financial gains with the government. Under an April 1995 compromise law, half the bank's profits were

to be turned over to the government.

But the central bank is being accused of bypassing the agreement. Nikolai Gonchar, an independent member of the lower house of Parliament, the State Duma, and a member of its budget committee, has charged that the central bank hid profits from the government. Mr. Gonchar said Russia's foreign currency reserves were invested offshore, and then the profits disappeared.

"I want to know, what is the real income?" he said. "I do not know it, and I should know it, according to the law."

At the center of the controversy is the offshore firm Finmeco Management Co., known as Finmeco, which handled Russia's foreign currency reserves. Its existence was revealed in a letter that the chief prosecutor, Yuri Skuratov, sent to Parliament on Feb. 1, followed immediately by his abrupt and still unexplained resignation. The firm was set up in 1990 in Jersey, Channel Islands, according to registration documents there.

Finmeco has not responded to the latest charges although former central bank officials have defended it.

Mr. Dubinin, the former bank chairman, and his deputy, Sergei Alexashenko, have claimed in an open letter published here that the offshore haven was needed to protect the currency reserves against seizure in a legal dispute.

It is not unusual for countries to park their currency reserves abroad in safe securities or bonds of other countries. But it is highly unusual for a country to turn over its reserves to a small, little-known management company.

"If you are going to shelter central bank assets, you don't set up a Jersey shell company, which any bright divorce lawyer could crack open in an afternoon," said Eric Kraus, head of fixed-income securities for Dresdner Kleinwort Benson, an investment firm here.

The use of an offshore haven goes to the heart of Russia's economic woes.

Many Russians and overseas investors have been reluctant to keep money in Russia because of legal, political and economic risks. This has given rise to a debilitating flight of capital, which many experts have identified as one of Russia's biggest economic problems.

According to the internal documents, the central bank initially set high standards for Finmeco's investments in Western currencies — specifying the amount to be put in dollars, French francs, Deutsche marks and so on. But later, the standards were dropped.

The internal document concludes: "There is a lack of control over Finmeco's administrative and financial activity from the central bank. The central bank does not have at its disposal information about the shareholders of Finmeco. In reality, the central bank did not exercise control over the quality of management of the currency reserves and, in fact, jeopardized them."

Questions persist about the volume of Russia's currency reserves that Finmeco handled. Mr. Dubinin said it never exceeded \$1.4 billion at any given time. The prosecutor said it was \$37 billion over five years. Russia's gold and foreign exchange reserves now stand at about \$11.4 billion, down from a peak of \$24 billion in mid-1997, before the global economic crisis.

The internal documents raise questions about what happened to the profits and interest earned on the central bank's investments in Finmeco. They conclude that profits must have been earned, but it is not clear where they went. Some may have remained at Finmeco, but the central bank's records "lack data" about the use of the profits, the documents say.

The internal documents also confirm a charge leveled by Mr. Gonchar that the foreign currency reserves of the central bank were channeled into Russia's high-yielding, short-term government bonds, known as GKOs, in 1996 when it may have been illegal.



Viktor Geraschenko, the central bank chief, speaking in the Duma.

Russia, chronically strapped for cash, began floating these bonds in 1993. They have often been a barometer of risk. At times of turmoil, the yields rose to more than 200 percent annually. Foreigners originally were banned from investing in GKOs but in late 1996 the market was opened to overseas investors.

However, before the market was legally opened, according to the internal documents, the central bank was using Finmeco to secretly invest in the bonds from overseas, which would have been illegal. According to the documents, \$855 million was transferred to Finmeco for investing in the bonds between Feb. 29 and May 28, 1996.

The bonds later played a role in the Russian economic crisis because the government reached a point where the interest payments were so high that it could no longer meet them. The Russian government defaulted on Aug. 17 on about \$30 billion in these bonds.

## CHINA: Trial Illuminates Police Brutality

Continued from Page 1

enforcement across the country," said Gu Xiangping, the lawyer. "It is typical: The farmers are victims and don't get protection from the law. We are gradually improving our legal system, but I'm very concerned about why the police thought they could get away with this."

China's state-owned law journals and newspapers now often publish hair-raising exposes of torture and other forms of police brutality, although such stories rarely seep into the mainstream press. But experts say it is significant that such a delicate subject is raised publicly at all.

"Chinese officials are clearly getting more serious about police and security abuses," said Murray Scot Tanner, a professor at Western Michigan University who has extensively researched Chinese law enforcement. "They know it is a very serious problem."

Late last year, the government's legal publishing house came out with a new series of books about legal abuses, with titles including "The Crime of Confession Obtained by Torture" and "The Crime of Illegal Detention."

The books estimated that hundreds, if not thousands, of Chinese were illegally detained each year and that 250 people were tortured to death in police custody in 1993 and 1994. It was the first time such figures had been publicly released and was an extraordinary admission, even though experts said the true numbers were certainly higher.

Although Westerners tend to focus on more abstract rights like freedom of speech, Chinese officials know that arbitrary harassment and punishment by local public security officials are far more gripping issues for ordinary people in China and threaten to undermine the government's authority.

So, to help control abuses in its far-flung law-enforcement system, the central government has recently allowed and even encouraged press coverage of

abuses and lawsuits.

But there remains great ambivalence about the new openness, Mr. Tanner said. On one hand it deters wayward police officers, but on the other it fuels criticism by Western human-rights groups. And the desire to provide more even-handed justice does not extend to those who threaten Communist rule, like democracy activists, he noted.

More than 1,600 kilometers (1,000 miles) from Beijing, on the free-wheeling southern coast of Guangdong Province, Zhanlong and its neighboring villages exude lawlessness. In these once-poor rice-growing towns, many villagers have become prosperous in the last five years by reselling fabric, cigarettes and liquor smuggled from Taiwan.

Lawlessness also reigns at the local Public Security Bureau, villagers said, where officers are quick to fine, confiscate, detain — and sometimes physically punish — with little provocation. "Everyone is afraid of the police here — everyone," said a farmer-turned-cloth-salesman who gave his surname as Chen. "We all know of the killings. These kinds of incidents have happened a lot here before. The police like to deal on the spot with people they consider hoodlums."

Like most people in Zhanlong, the four men who were killed that night in August 1997 were legally registered as farmers but in reality made most of their money in small businesses — though none was very successful at it. All were between 20 and 35, had grade-school education and were married with children.

Besides seeking the \$12,000 that each family could receive under the state compensation law, Mr. Gu, the lawyer, has filed a civil suit demanding further damages for the victims' families.

But the villagers remain skeptical. "I know there's a court case, but I don't expect them to be punished," said the cloth salesman, Mr. Chen. "The police, they are bigwigs. We are not. It is hard for me to take the trial seriously."



# Taking on the Legacy of Yves Saint Laurent

By Suzy Menkes  
International Herald Tribune

PARIS — Catherine Deneuve wore her heart on her shirt — the blood-red pin that Yves Saint Laurent had given her. She sat front row at Monday's show to witness what she called "the crossing of a frontier," as fashion's Sun King handed over to his Dauphin.

Alber Elbaz, 37, is the new designer of the ready-to-wear Rive Gauche line that was founded 33 years ago. And everyone in the room, from Pierre Berge, Saint Laurent's partner, through the packed fashion crowd, was willing success on the Israeli-American designer, with a kooky personality, owlish eye glasses and a mop of curly hair.

Across a metal bridge, past the YSL logo carved like a prickly metallic cactus tree, walked the first model in the essence of Yves: the black sweater and pants that the designer famously said are all a modern woman needs. The pants were modernized, the waist cinched with a leather thong.

It was a good beginning. But this was not the auspicious debut that everyone had hoped for, nor the redefinition of Saint Laurent's style for a new generation.

Instead Elbaz, uncharacteristically sober as he took a runway bow with a model in a quivering silver minidress, seemed intimidated by the task — and by the 40 years of archives.

When very young models stumbled down the runway in a high, thick-heeled version of Deneuve's "Belle de Jour" pumps, wearing the knickers that Elbaz brought back from the fashion dead, it looked like a rummage through Mom's closet. Picking out a red fox coat here, a trench coat there and mixing them with modern pieces should have been cute. Yet only a bright-red leather trench or a simple sweater with full fur sleeves (part of a heavy-handed theme) had the pizzazz of flea-market finds.

"I don't want to do Alber Elbaz for Yves Saint Laurent — I want to do Saint Laurent by Alber Elbaz," the designer said before the show.

He was all too true to his promise. There was none of the jaunty, decorative feel of the designer's Guy Laroche collections. And where others over the years have found a fashion gold mine, Elbaz puzzlingly kept things like stern masculine jackets that might have been relaxed, yet changed the inimitable Matisse color palette. There was a surfeit of black, although a draft of orange looked fresh as a satin wrap coat, and there was clean green, royal blue and speckled black-and-white tweed.

Where Elbaz lost his master's voice was in the awkwardness of so many of the pieces — far from the YSL mantra of "the silence of clothing." Even seven years at Geoffrey Beene had not given Elbaz mastery of technique.

A new designer needs time to find his feet and Elbaz had some good ideas, producing a variety of new pant shapes and giving a sporty feel to a full-sleeved zippered jacket. Other less judicious attempts at YSL with a twist included a hard-edged version of the infamous black chiffon see-through blouse.

Why was this show such a big deal? Elbaz is taking over from a designer who has created the template of modern dressing. Saint Laurent's revolutionary androgynous daytime pantsuits and evening tuxedos held up a mirror to changing society as feminists earned a place for women in a man's world.

Elbaz is not required to reprise that revolution — but he has to parlay the image into a collection of contemporary, commercial clothes — especially since the parent house, Elf Sanofi, has put YSL on the block.

Judging this show against Saint Laurent's three soaring high Cs of cut, color and class, Elbaz did not get great grades.



Yamamoto's romantic coat with Holbein hat.



Yves Saint Laurent by Alber Elbaz: Fur-sleeved sweater and pants.



From Kostas Murkudis, a tulle skirt over pants.

But he may fare better once he has settled down to his awesome task.

As the Paris fall season opened, it was evident that Saint Laurent's vision is so powerful and enduring that the man-woman thing is still the subtext of many shows. Yohji Yamamoto played delicately on that theme last season in his poetic parade of wedding outfits. But he faced a problem: When you have had a run of spectacular, playful, poetic shows, what do you do for an encore?

With the finesse and wisdom of experience, Yamamoto drew back, sending out to the gravelly voice of Bob Dylan a show that was quiet, quirky and romantic. There were no fireworks, and there was no plot, like his previous take on Dior couture or the nuptials theme.

The invitation was a simple cuffed sleeve of a white shirt. And out came Yamamoto's signature navy tailoring: lean, graceful suits based on men's jackets, with sleek satin trims,

worn with long skirts and fresh white cotton shirts. But the models looked far from mannish. With wide, loosely braided hair and smudged lipstick, they looked as though they had been caught kissing the boy next door.

Romance soon came center stage, as Yamamoto's favorite Victorian imagery brought off-center capes, cloaks and dresses in rich, dark velvets, perhaps worn with flecked wool sweaters to ground them in modernity. The finale had six models in squashy velvet hats like something from a Holbein portrait. Alexander McQueen, one of several designers paying homage to Yamamoto, described them as "Elizabethan Gothic." It looked more like a charming remake of "The Piano" by the cast of "Shakespeare in Love."

If you have learned alongside a fashion maestro, how do you come out from his shadow? Kostas Murkudis, a Greek-born designer based in Munich who worked for seven years with Helmut Lang, is struggling to find his own voice. His

show, held in the faded gilt rotunda of one of Paris's old music halls, looked like a dance class in progress — often that familiar male-female pas de deux. Out would come a tailored camel jacket or pantsuit, worn with a ribboned wrap top or a sheer crinoline skirt like something from a Degas painting. Soft leather sock-boots enhanced the balletic feeling. Many of the ideas, especially the athletic nylon pants, the mesh tops, the satin elbow patches and even the drifts of tulle seemed familiar from Lang's runway. But Murkudis has time to grow.

Eric Bergere has never concealed his fascination with Saint Laurent. So it was perhaps inevitable that he should be inspired by a moment of fashion history in the 1970s when the Russian peasant look hit haute couture. Bergere's peasant blouses, babushka head scarves, wide belts with handcraft embroidery gave a merry folkloric feel to a collection he described as "rustic chic."

## Lightweight Shows for a Cool Fall

### Versace's Flirty Look Plumbs the Ocean Depths

By Suzy Menkes  
International Herald Tribune

MILAN — A lively, if lightweight, show from Donatella Versace — all flimsy dresses, dotted minis and coral-reef trimmings — brought the Italian fall season to a close.

Fall? Are we really going to brace ourselves for winter 2000 with barely a tailored coat or jacket in our closets? Pastel shearlings, or fat-free shaved furs, seem the only way to keep pneumonia at bay — if you believe the Milan designers.

"My brother always said, 'Don't put commercial things on the runway — it's boring,'" said Versace at the after-show dinner in the family palazzo.

A boring Versace show? Never! The models belted down the glass runway over a bed of stick coral, while the movie actress Juliette Lewis, in shell-pink leather hot pants, slapped her thighs to the singing beat. Beside her, Mimi Rogers whooped at each barely-there dress with revealing insets of organza or pants with shredded tulle running in a racing stripe.

By the time the show ended with a parody of Versace sex-pot dressing — black chiffon dresses looking like ads for breast enhancement — the Hollywood and rocker types were in ecstasy.

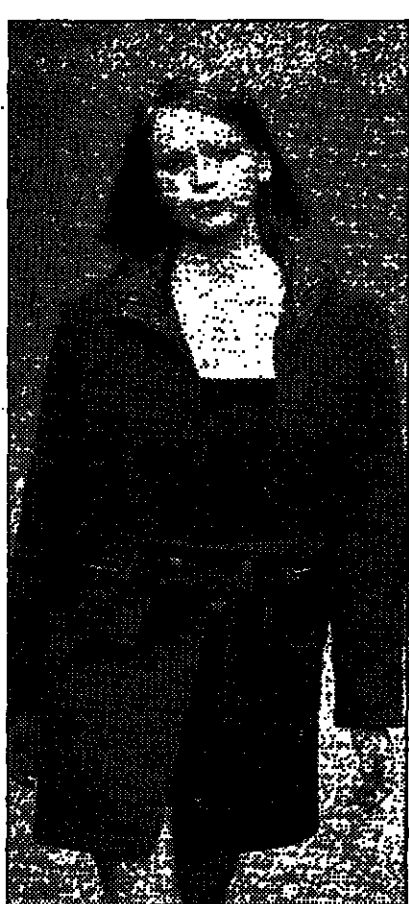
But take away the sexually charged ambience and polished models and what was actually there? The show was made up of colorful, casual items, which looked racy when put together. Versace had plunged into the ocean for a new take on decoration, replacing rhinestone sparkle with the sheen of mother-of-pearl (pretty on lacy knits). Coral dangled from shoulder straps or edged tunic and pants for a daytime look. Or turquoise trims cast pools of lagoon blue.

Versace played prettily with color, using hand-painting on sheerling coats and bright hues for linings. The seashore theme also brought in foamy white clothes, from crochet lace sweater and skirt through dotted-Swiss muslin blouses. There were some striking, feminine clothes, but as a design statement, it was all pretty slight.

A woman designer's point of view often seems personal — an idealized take on what she wants to wear. So it is with Angela Missoni, whose gentle touch came in the mistier colors and easier shapes of the signature family knits. Using dusty pastels and pallid checks and playing with grainy textures of different wools, she gave cocooning a fresh feel. The wrap or knit skirt mingled with asymmetric knit dresses and sweaters wrapped around the shoulders to create a series of comfort blankets. This soft but protective clothing to face off with the millennium included loose, smock-like sweaters and striking tabards in a patchwork of different knits sectioned with fur. But for all her success with day wear, Missoni's evenings are still amiss.



Left, Versace's painted sheerling coat with coral-bead trim.



Above, Miu Miu's geometric coat with sports details.

Would a wrap skirt as a Luxe apron over a sheer sweater dress be any way to celebrate New Year's Eve 1999?

Missoni Prada has seen fashion's future — and she made a persuasive case for it in a strong Miu Miu collection. Mixing techno sportswear with post-feminist girly style, the show was cute and very cool.

Functional femininity meant putting an athletic mesh top with a skirt breaking out into a bulbous or flared hem; rib-knit inserts on a leather coat, and rubber studs in the instep of chunky high-heel shoes. Running through the collection as a signature, thin cords were threaded through colored loops.

Occasionally the theme overtook the modern simplicity of the clothes — except for the menswear. The new Miu Miu man had some powerful athletic pieces from perforated sweat tops through a multipocketed duffel coat.

At Pucci, the house tried to capitalize on the sporty heritage of Emilio Pucci, whose revolutionary skiwear hit the slopes in 1947. But the fall collection used the signature patterns timidly with plain zippered jackets or brashly with

stiletto-heel shoes. That did not express the joie de vivre and energy of the vivacious prints.

Euro captured that mad-for-the-millennium feeling, but the clothes seemed makeshift and haphazard — as though poncho and long dress were run up from curtains and blankets, rather than the product of a mighty fabric company. Kean Eiro wants to do alternative fashion, and occasionally it works as easy pieces in rich paisley patterns or as funky embroidered purses.

The concept of clothes as quirky, romantic, individual pieces was introduced to Milan by Romeo Gigli. The designer was in form for fall, with paper-cut effects creating lacy patterns on the back of a jacket or stenciled on suede. Gigli's narrow-shouldered silhouette looked fresh with long skirts, and egg-shaped coats were made interesting with glazed fabrics, appliquéd patterns and Mongolian lamb.

Optimistic, colorful clothes were a general Milan trend. Fur was ubiquitous, as was a focus on handcraft. The surprise was the downplaying of the Italians' signature luxury sportswear.



Style is not a size... it's an Attitude! **MARINA RINALDI**

Sizes 14-28

London: Harrods-Selfridges • Manchester: Selfridges • Dublin: Brown Thomas



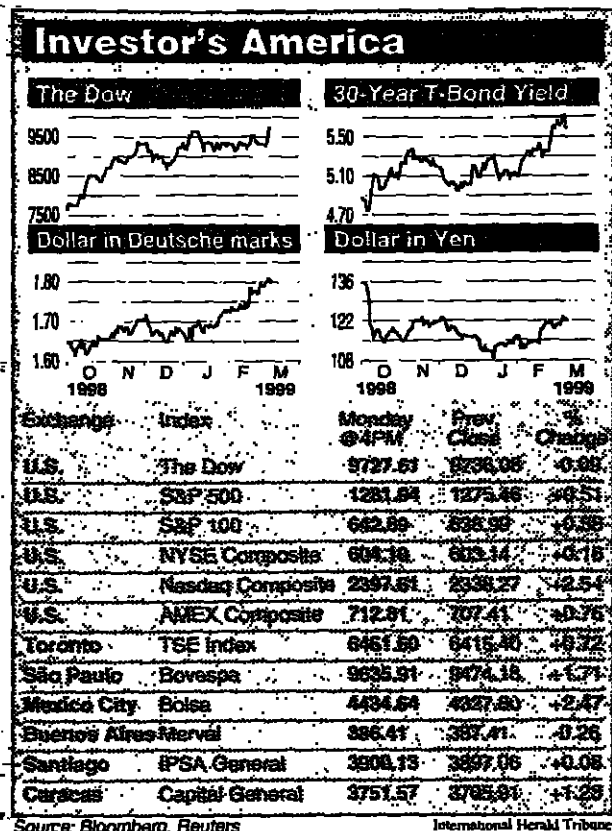








THE AMERICAS



# Tech Stocks Rise, But Blue-Chips Falter

**NEW YORK** — Stocks were mixed Monday, with technology shares soaring after Intel agreed to settle an antitrust case brought by the U.S. government, but other issues flat as investors eased their buying after two days of sharp gains.

At the close, the Nasdaq composite index, which is dominated by technology stocks, was up 60.51 points at 2,338.27. But the Dow Jones industrial average finished 8.47 points lower at 8,036.05, while the broader Standard & Poor's 500 index ended up 7.26 at 1,275.46. Declining stocks outnumbered advancing ones by a 4-to-3 ratio on the New York Stock Exchange.

On Friday, the Dow had added 268.68 to close at a record 9,736.08, its second day of big gains.

"We're just giving back some of the gains of last Thursday and Friday," said John Shannhessy, chief investment strategist at Advent Inc. "But the backdrop of this market continues to be very, very solid."

The proposed settlement of the Intel case helped lift other technology stocks. Microsoft, which is engaged in its own antitrust dispute with the government, rose 4 1/16 to 159.

7th Level rose 3 27/32 to 8 27/32 after the developer of Internet software for animated content and characters reached an agreement to offer its programs to members of America Online, the biggest on-line service.

Bay rose 2 1/4 to 171 on "post-split euphoria" over the Internet auctioneer's 3-for-1 stock split last week, said Lauren Cooks Levitan, an analyst at BancBoston Robertson Stephens.

But stocks of brokerage firms fell after leading the charge to records last week.

Morgan Stanley Dean Witter fell 1/8 to 97 13/16, Merrill Lynch fell 1 1/16 to 84 1/4 and Lehman Brothers Holding fell 1/4 to 57 15/16.

Even if the Dow tops 10,000 soon, many investors are concerned that shares are too richly valued.

"Psychologically, we want to get to 10,000, so we probably will," said Vincent Farrell, chief investment officer at Spears, Benzak, Salomon & Farrell. "Then, the assessment of valuations will come into play."

With stocks going in different directions, Treasury prices were nearly flat; the price of the benchmark 30-year bond rose 1/32 to 95 1/32, keeping the yield unchanged from Friday at 5.59 percent.

# Browning-Ferris Yen Rebounds Against the Dollar

**Bloomberg News**

**SCOTTSDALE, Arizona** — Allied Waste Industries Inc. said Monday it would buy Browning-Ferris Industries Inc., a rival in the waste disposal industry, for \$9.1 billion in cash and assumed debt.

Allied Waste will pay \$45 for each share of Browning-Ferris, in late trading Monday. Browning-Ferris was up \$4.5625 at \$39.5625. Allied Waste also will assume \$1.8 billion in Browning-Ferris debt. The combined company will have annual revenue of \$6.6 billion.

**NEW YORK** — The dollar fell against the yen Monday as traders became concerned that the recent gains in the U.S. currency were overdone.

In 4 P.M. trading, the dollar fell to 121.585 yen from 123.550 yen Friday. The euro rose to \$1.0885 from \$1.0834 on expectations that the European Central Bank will not cut interest rates soon and that it will not tolerate a continuing slump in the euro. The dollar also fell to 1.4631 Swiss francs from 1.4685 francs. The pound slipped to \$1.6080 from \$1.6097.

The yen fell sharply last week after the Bank of Japan poured money into the banking system in a bid to end the recession, allowing banks to borrow money nearly for free and pushing down the return on yen deposits. Analysts said the currency had probably fallen too far, too fast.

In Europe, there were continuing calls for lower interest rates, but analysts said they would probably go unheeded.

France's finance minister, Dominique Strauss-Kahn, said French economic growth was likely to meet the government's forecast of 2.7 percent this year. He reiterated calls by Germany's finance minister, Oskar Lafontaine, for lower rates.

"We have interest rates that are the lowest in the world, outside of Japan, but I'd like for them to be even lower," Mr. Strauss-Kahn said.

But a member of the European Central Bank, Tommaso Padoa-Schioppa, said in Tokyo that there was "no reason to modify" the bank's monetary policy.

# INTEL: Chipmaker and U.S. Reach Accord on Antitrust Dispute

**Continued from Page 1**

let each license the other's technology. Mr. McTernan said. That allowed Intel to get a look at upcoming Intel developments so it could design its workstations around them. Intel was allowed to license Intel technology for its Pentium processors. Mr. McTernan said. "If one party licenses another to use its patents and intellectual property rights, it is standard to require the other party to license back any conflicting or complementary rights which it might hold."

Late in 1996, Intel began to complain that some of Intel's other licenses were using its technology, and it sought to obtain royalty payments from them. Intel responded by withholding information about new chips.

The trade commission contended that Intel had monopoly power, because its chips accounted for about 80 percent of the global market for general-purpose microprocessors, and thus was required to provide information about new products to Intergraph.

But Intel, Mr. McTernan said, had licensed its chips, which contained some of Intergraph's technology, and had indemnified the other licensees against the kind of actions Intergraph was taking.

He said that patents are "by definition a monopoly" and that he thought Intel had the right to refuse to do business with any company.

But a federal judge in a separate suit last year ordered Intel to resume supplying Intergraph with new technology while the litigation proceeded, saying that Intel had "violated its affirmative duties as a monopolist not to misuse its monopoly power and to compete in a manner that does not unreasonably or unfairly harm competition."

Although Mr. Mulloy of Intel refused to discuss the settlement Monday, he did say his company was "satisfied that this agreement acknowledges the value of our intellectual property."

But Victoria Streifeld, a commission spokeswoman, told Bloomberg News that the agency's lawyers had "got the relief they wanted" from the settlement.

# EURO: Bundesbank Warning

**Continued from Page 1**

impact, because credit conditions themselves posed no barrier to investment or hiring, he argued.

The comments by Mr. Tietmeyer, lent the euro some support in the financial markets. After the euro fell to a low of \$1.0834 Friday — a drop of about 10 cents, or more than 9 percent, from its inaugural rate in January — it rebounded to \$1.0897 Monday.

The potential for the euro to fall further has raised concern about Germany's central bank, analysts said in response to Mr. Tietmeyer's remarks.

Germany's top central banker made clear that he did not want to neglect the euro's exchange rate. "Of course, we cannot steer exchange rates," he said. "but I do not think a policy of well-meaning neglect or of complete disregard are right."

He added: "Neither an overly weak nor an overly strong euro suits us."

Later Monday, after a monthly meeting of the world's 10 major central bankers, Mr. Tietmeyer took a calmer tone, saying the currency exchange rates were not a cause of concern. The Bundesbank's headquarters in Frankfurt also took some distance from the Handelsblatt's headline.

"Tietmeyer Pleads for Support for the Euro" — which suggested that the Bundesbank supported market intervention to support the euro. Mr. Tietmeyer did not mean to suggest that a Bundesbank spokesman said.

Behind the increasingly noisy debate over the euro's exchange rate is the fear that the euro is suffering from political mismanagement and disappointed expectations. Nearly all future steps toward further political integration of the European Union and the common market — not least the vast euro-bloc economy — rest on the pillar of the ECB and its new money.

As Mr. Tietmeyer pointed out in Handelsblatt, a new currency needs trust, not only internally within the EU but also externally in the global markets. That trust is at risk, according to the Handelsblatt's account of the interview. Such comments resonate deeply in Germany, where high inflation destroyed German society in the 1930s.

Although the absolute level of the euro's exchange rate — indeed, it supports the European economy by discounting its exports — analysts say Mr. Tietmeyer fears that the public feud over its plunge poses the greatest danger. The euro risks becoming a political football as Mr. Lafontaine bickers with the ECB over interest rates. Politicians and unions increasingly want to pin the blame for a weak economy on the ECB, while the ECB lashes back at the German government for failing to introduce labor market reforms.

In the most recent instance of politicization, Chancellor Gerhard Schröder and his advisers are wielding the threat of euro weakness to add urgency to talks on EU budget reform at an EU summit meeting this month, warning that failure to reach agreement raises new risks of currency weakness.

"This is Tietmeyer, the politician, who is speaking," Adolf Rosenstock, analyst in Frankfurt for Nomura International PLC, said. "He is very much afraid of the euro becoming a political game. It is too young for this. It is like a fragile, vulnerable little baby out there. It should not be tossed around."

In what Mr. Tietmeyer called a "dilemma," the euro stands to weaken further. In that scenario, the dollar's interest rate advantage over the euro could widen if the U.S. Federal Reserve Board increases interest rates just as Europe's sharp economic slowdown provoked renewed calls for lower lending rates.

# Very briefly:

- Ecuador shut its banks for Monday to avert a run on deposits that could extend a plunge in the sucre. The banking superintendent said the government would use the respite to announce new steps to shore up the struggling economy.
- CIT Group Inc. agreed to buy Newcourt Credit Group Inc. of Canada for \$4.17 billion, creating one of the largest publicly owned commercial finance companies. The companies estimated that the combination should save them \$150 million.
- BMC Software Inc. agreed to buy New Dimension Software Ltd. for as much as \$675 million in cash in a deal that expands foreign sales for the developer of network and database software and provides it a development center in Israel.
- Homestake Mining Co., a San Francisco-based gold mining concern, agreed to acquire Argentina Gold Corp. in a stock swap worth about \$200 million.
- Eastman Kodak Co. is considering selling its Eastman Software unit, which makes software to track paperwork, as part of a review of poorly performing businesses. The photography giant bought the unprofitable unit two years ago for \$260 million from Wang Laboratories Inc. Bloomberg Reuters

# Weekend Box Office

**LOS ANGELES** — "Analyze This" dominated the U.S. box office over the weekend, with a gross of \$17.1 million. Following are the Top 10 moneymakers, based on Saturday's ticket sales and estimated sales for Sunday.

Rank	Title	Warner Bros.	Box Office
1	Analyze This	Warner Bros.	\$17.1 million
2	Crucial Inflections	Columbia Pictures	\$13.2 million
3	Eight Mile	Columbia Pictures	\$7.0 million
4	The Other Sister	Touchstone Pictures	\$5.5 million
5	Payback	Paramount	\$4.1 million
6	October Sky	Universal Pictures	\$3.7 million
7	My Favorite Martian	Warner Bros.	\$3.4 million
8	The Message in a Bottle	Warner Bros.	\$3.4 million
9	Shakespeare in Love	Miramax	\$3.4 million
10	She's All That	Miramax	\$2.4 million

# U. S. STOCK MARKET DIARY

Monday, March 8									
Most Active					Most Active				
Dow Jones					NYSE				
Index	High	Low	Last	Chg.	Index	High	Low	Last	Chg.
India	9231.19	9164.80	9074.20	-66.40	Comcast	1987.54	2050.00	2034.00	+66.46
Japan	12531.00	12535.00	12538.00	+4.00	Conoco	171.00	171.00	171.00	0.00
US	2013.00	2013.00	2013.00	0.00	Delta	17.00	17.00	17.00	0.00
US	2013.00	2013.00	2013.00	0.00	Delta	17.00	17.00	17.00	0.00
US	2013.00	2013.00	2013.00	0.00	Delta	17.00	17.00	17.00	0.00
US	2013.00	2013.00	2013.00	0.00	Delta	17.00	17.00	17.00	0.00
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EUROPE

# Fortis to Buy U.S. Insurer

**BRUSSELS** — Fortis, the Belgian-Dutch financial-services company, agreed Monday to buy American Bankers Insurance Group Inc. for \$2.8 billion in cash and assumed debt, making it the top U.S. insurer of consumer and credit card loans.

Fortis will pay \$55 for each American Bankers common share, 19 percent more than the closing price Friday, and \$109.86 for each preferred share. Fortis will assume \$194 million of the Miami-based insurer's debt. The shares of American Bankers rose \$5.62 in late trading, to \$52, while Fortis finished at \$40.1 euros (\$36.85), up 51 cents.

The combination of American Bankers and Fortis's American Security Group will have premium income of \$3.6 billion, giving it 28 percent of the U.S. consumer loan insurance market.

Cendant Corp. was to buy American Bankers last year, but the deal died amid an accounting scandal at a Cendant unit.

(Bridge News, Bloomberg)

# Siemens Details U.S. Expansion

**NEW YORK** — Siemens AG of Germany detailed its plans Monday for a billion-dollar expansion into the converging voice, data and Internet networking businesses, announcing the formation of an American subsidiary called UniSphere Solutions Inc.

As expected, Siemens said it had agreed to acquire two U.S.-based companies, Argon Networks Inc. and Castle Networks Inc., which together with several units of Siemens Information & Communications Networks Inc. will form the basis of the new company.

"The new company will address increasing customer demand for networks in which voice, video, data and Internet services interoperate as simply and reliably as a telephone call," Siemens said.

Siemens said it had also invested \$30 million in Accelerated Networks Inc.

UniSphere will be based in Burlington, Massachusetts, and will be headed by Martin Clague, previously vice president for global

networked computing solutions at International Business Machines Corp.

Siemens also said it and the U.S. networking company 3Com Corp., which is a major provider of Internet technology, were examining possibilities for expanding their current cooperation agreement.

Analysts said the moves by Siemens were needed because the company had been slow to move into data transmission and Internet technology. They said these areas were vital if Siemens wanted to keep up with rivals such as Alcatel SA of France and Lucent Technologies Inc. of the United States.

"Siemens hasn't shown signs of moving fast enough so far," Neil Barton of Merrill Lynch & Co. said before Siemens' announcement.

Siemens shares finished at 57.70 euros (\$62.51), down 1.75 euros.

The boom in demand for equipment for data networks has sparked a flurry of acquisitions in the industry.

Lucent recently agreed to pay

about \$20 billion for Ascend Communications Inc., and Northern Telecom Ltd. bought Bay Networks Inc. for \$6.3 billion last summer.

Alcatel recently agreed to buy the Internet technology companies Xylan Corp. and Assured Access Technology Inc. in transactions valued at a total of \$2.35 billion.

The volume of data traffic may soon outstrip the volume of voice telephone conversations on the communications networks, forcing major makers of telephone equipment to expand their expertise and product lines.

Many of the big communications carriers that spend billions each year to upgrade their systems want to stop operating separate voice and data networks.

Instead, they would like to run single networks based on advanced data technologies, layering traditional voice phone calls on top as just another function, as with Web browsing or the automated verification of credit-card information.

(AFX, Reuters, Bloomberg)

# Shareholders Approve Sale Of Volvo Car

**GOTHENBURG, Sweden** — Volvo AB's shareholders on Monday approved the company's 50 billion (\$6.07 billion) kronor sale of its car unit to Ford Motor Co., and the board proposed using a fifth of the proceeds for a massive share buyback.

The estimated 1,200 shareholders attending the general meeting in Gothenburg voted nearly unanimously to approve the sale, which will allow ownership of half of Sweden's best-known brand to fall into foreign hands.

There was no immediate resistance to the buyback plan, which indicates that Volvo might not yet be ready to make a major acquisition. No vote is scheduled yet. Analysts said the buyback would still give the company scope for an acquisition later this year.

Volvo has come under intense pressure to clarify how it will use the proceeds of the car-division sale, which will halve earnings capacity and sharply cut shareholder value.

Volvo could use the balance of money from the Ford sale to buy another truckmaker, strengthening its position in the heavy truck market. Volvo bought a 14 percent stake in the Swedish rival Scania AB on Jan. 15, though talks to buy the rest failed, fueling speculation Volvo might buy the American truckmaker Navistar International Corp.

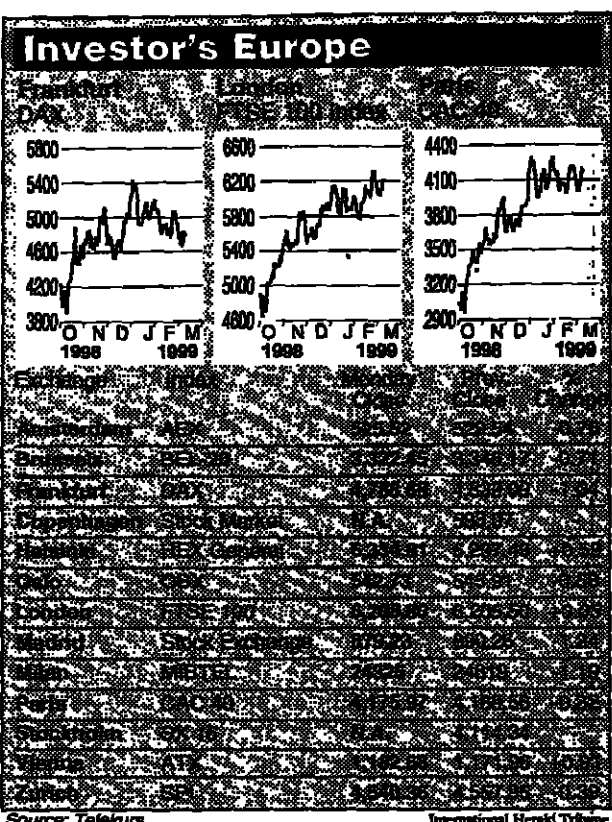
Analysts say that the company also might make an acquisition in one of its other remaining businesses: buses, construction equipment and marine engines.

"The strategy we are now choosing is not going to be implemented overnight," the company said Monday. "Volvo has ambitious plans for its future growth, growth that will also contain elements of acquisitions."

Mats Liss of Swedbank Markets said, "Volvo is stressing that it's taking a long-term view, which is the right thing to do."

Sweden does not allow companies to hold their own shares, though Volvo is urging the government to modify the law. Volvo B shares closed down 1.50 kronor at 220.50.

(Bloomberg, Reuters)



## Very briefly:

- VLSI Technology Inc. toughened its shareholder-rights plan, complicating a \$777 million takeover bid by Philips Electronics NV, which has said to block VLSI's takeover defense. VLSI's so-called poison pill now kicks in as soon as anyone acquires 10 percent of the company, down from 20 percent.
- Albright & Wilson PLC, a British chemical company, accepted a takeover offer from Albemarle Corp. of the United States. Albemarle offered £408 million (\$655.5 million), or 130 pence a share.
- ASDA Group PLC, a British supermarket chain, plans to cut prices on more than 1,000 items as part of a price war with Tesco PLC and others.
- Thomson Travel Group PLC's 1998 profit rose 11 percent, to £93.1 million, as the leading British tour company expanded abroad through acquisitions. The company, which was spun off from Thomson Corp. of Canada in May, also said it was buying Edinburgh-based Robert Stibbald Travel Agents Ltd. for £3.5 million.
- Inchepe PLC, the world's biggest independent car distributor, said 1998 pretax profit fell 42 percent, to £106.1 million, because of recessions in Asia and disposals of assets unrelated to cars. Revenue fell 18 percent, to £5.5 billion.
- Rabobank Group, a Dutch banking company, will pay \$410 million for Tokai Bank Ltd.'s U.S. leasing company, Tokai Financial Services. The Philadelphia-based subsidiary offers leasing in the business-machinery and health-care industries.
- Wembley PLC, which owns England's national stadium, will let shareholders vote on selling Wembley Stadium to the Football Association, rejecting an attempt by SFX Entertainment Inc. to delay the vote.

# Drop in Pork Prices Breeds Despair in France

**ST. BRIEUC, France** — Ten years ago, weary of truck driving, Yannick tore up his license and threw his savings into a farm, seduced by the vision of a life raising pigs in the rugged northwest of France.

A decade later, his savings have turned to dust amid a pan-European crisis in pork. Yannick says he is ready to quit. "I'm losing 300 francs on every pig I sell," he said, or \$50. "In a few more weeks I'll be bankrupt."

The financial crisis in Asia and Russia last year temporarily robbed France of two thirds of its pork market. At the same time, Europe found itself with an extra 11 million pigs, due largely to a rise in Dutch output after a disease ravaged the herd in 1997.

The combination of falling demand and oversupply has dwarfed usual cyclical swings and shunted European prices to 25-year lows, with prices in France at half production costs.

Frustration among farmers in Brittany reached breaking point earlier this year when buyers at the St. Brieuc auction in St. Brieuc tried to push prices below the key psychological threshold of 5 francs per kilo (\$50 cents per pound).

Buyers were barred from leaving the market

for five hours until they agreed not to breach the 5-franc level — a price unheard of since the Plerin auction started a quarter of a century ago. Huddled inside a meeting room, pork merchants said they could not ignore a European-wide slump in prices. But outside, farmers were resolute. "Five francs is a terrible, unimaginable price," said Bernard Chretien, head of the pork section of the FNSEA farm union.

Pig farmers use profits from bumper years to shore up tougher ones, but say they are now dependent on family and bank loans to bail them out. "There have been bankruptcies, even suicides," a retired farmer said. "It makes me feel sick in the stomach."

The director of the Plerin market, Jean-Pierre Joly, explained that people had poured into pig farming the last time prices peaked, and that with some now selling out and sow numbers starting to fall, prices should swing back up in a few years.

"It is a cyclical thing, although it does seem worse this time," he said. "Prices are lower and there's more pessimism."

Retailers had not helped matters by initially refusing to ease prices and stimulate demand, opting instead to pocket the difference. French supermarkets have also come under fire from

farmers for importing cheaper pork from outside the country.

The French farm union FNSEA has urged Europe-wide production controls, even suggesting culling millions of piglets in the short term.

"This crisis is without precedent and it's not just French, it's European, even global," said the union's president, Luc Guyan.

The EU recently raised export subsidies on pork products to Russia. But it has rejected calls for additional measures.

"We're not asking for handouts," a farmer said. "We just want Brussels to bring production under control in Europe."

"I want to make a living from my job like everyone else," Yannick added.

More than a third of the 6 percent rise in 1998 EU pork output was accounted for by the Netherlands, after it fought off the swine fever that wiped out its 1997 stock. German, Spanish and Danish output rose between 5 percent and 8 percent last year. In France, pork farm incomes fell 37 percent last year. The pig farmers' union FNP says the crisis cost a farmer with 144 sows an average 300,000 francs by the end of 1998. The British pig association BPA has said the crisis could cost Europe 50,000 jobs.

## WORLD STOCK MARKETS

Monday, March 8										High Low Close Prev.										TSE indicators 4415.1									
Prices in local currencies																				TSE indicators 4415.1									
in euros for ECU countries																				TSE indicators 4415.1									
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## INTERNATIONAL INVESTING

## Ralph Lauren's Rough Ride in Market May Be Over

By Kenneth N. Gilpin  
New York Times Service

NEW YORK — When you're hot in retailing, you're hot. And when you're not, you're not. But with retail stocks, it's different: When you're not hot, perhaps you really are.

Consider Polo Ralph Lauren Corp., which for a while rode a wave of shoppers and investors alike bought into the company's sterling image.

The stock was first offered to the public in June 1997 at \$26 a share and has traded as high as \$33. And why not? Ralph Lauren, the chief executive, was a proven commodity.

But the stock was a different story. In November, the company issued a disappointing quarterly earnings report, and company executives said profit would be squeezed for a further six months. The reason was backed-up inventory, compounded by heavy spending that had been intended to fuel further growth.

Momentum investors such as Amer-

ican Century's \$32 billion Ultra fund dumped the stock. Polo Ralph Lauren shares fell 16 percent, to \$20.125, the next month it sank even more, to an all-time low of \$15.875 on Dec. 16.

To address its problems, the company last month announced a restructuring that is expected to generate \$15 million to \$20 million in savings for the year beginning in April. Last week, it announced that it would spend \$32.5 million to acquire Club Monaco, a small Canadian-based specialty retailer.

The deal raised eyebrows because it is unusual for a design house to buy a retail chain devoted to selling clothes that are not its own. It seemed to signal that the company was looking beyond its own brand for promising growth.

These developments have not succeeded in luring growth-hungry investors back into the shares.

But the steep drop in the stock has persuaded a number of value investors to start or expand positions, as the company may be an attractive value play at

its current price level. "Ralph has a phenomenal brand established over the last 31 years; people all around the world know it," said Ronald Baron, chairman of Baron Capital Group.

"We think the stock is really cheap and that earnings growth of 15 percent to 20 percent, and possibly over that, is achievable over the next few years."

Baron Capital, which began buying the stock more than a year ago, increased its position in December as the stock slid. Currently, it owns more than 12 million shares, a stake Mr. Baron said represented about 12 percent of the company. Another big holder is Goldman, Sachs & Co., which paid \$135 million in 1994 for a stake that now represents 23 percent of the shares outstanding.

Scott Black, president of Delphi Management, a deep-value investor with a little more than \$1 billion in assets, is a more recent convert to the stock.

"We bought it when the stock was selling at between \$17 and \$18 a share, which I thought was good value," he said. "It is a great branded franchise that

I think will straighten out its problems."

Mr. Black said he started buying the stock in December and has added to his position since. As of Feb. 26, he said, Delphi owned 182,000 Polo Ralph Lauren shares.

The stock's drop caught the attention of Wall Street analysts, too.

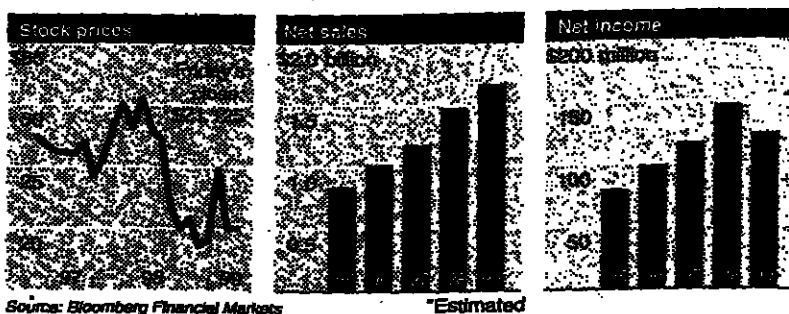
Based on projections for its next financial year, Josephine Esquivel, an analyst at Morgan Stanley Dean Witter, raised her rating on the shares to "strong buy" on Jan. 7.

"At the time, the stock was trading at about 14 times March 2000 earnings, which we thought was a very compelling valuation for one of the world's true premier global brands," she said. "In talking to them, I got the sense they were very, very committed to looking at all of their businesses."

But even with the recent cuts, overhead expenses remain much higher than those of rivals. And some people wonder whether the company, which had sales of \$1.5 billion in its 1998 financial year,

## Market Markdown

Despite a recent bounce, Polo Ralph Lauren has seen its stock drop 33 percent below its high last May.



Source: Bloomberg Financial Markets

Estimated

N.Y.

has grown too big to generate earnings

growth of 15 percent or more.

"If they can make their numbers and

live up to their promise to reduce costs,

people will have greater comfort" with

the stock, said an analyst at a big mutual-

fund company who spoke on condition

of anonymity.

Looking at the list of major share-

holders, some analysts say it may be a

positive for Polo Ralph Lauren to have the likes of Goldman Sachs and Baron Capital paying close attention to the way it conducts its business.

"If people are looking over Ralph's shoulder, I don't think that is bad," said Brenda Gall, a retailing analyst at Merrill Lynch. "If people are saying how he should operate as a public company, that can't be all that bad."

## Alcatel Hopes Shopping Spree Will Lift Shares

Bloomberg News

PARIS — Serge Tchuruk, Alcatel SA's chairman, said investors had overdone it when they drove shares of the phone-equipment maker down 38 percent in one day after a profit warning last September.

Now Mr. Tchuruk, 61, has moved Alcatel firmly into the rapidly growing market for Internet equipment by snapping up two U.S. technology companies last week. Shares of the Paris-based company surged 24 percent in four days in response to the acquisitions, adding 4.2 billion euros (\$4.55 billion) to its market value. In late trading Monday, Alcatel's shares were at 117.40 euros, down 2.40.

The purchases, some investors seem to believe, will enable the company to shift away from its stagnating voice businesses, win new clients and raise earnings.

"Alcatel's shares are now prepared for a comeback," said Jean-Pierre Viteaux, a fund manager at BFL Asset Management in Paris.

Last Tuesday, Alcatel offered \$2 billion, or \$37 a share, for the data-networking company Xylan Corp., based in Calabasas, California. It followed that Thursday with a \$350 million offer for Assured Access Technology Inc.

The company also bought the closely held computer-networking company Packet Engines Inc. for \$315 million in December as well as DSC Communications Corp. in September for \$4.4 billion in stock.

"Very rapidly, we've managed to fill the holes in our product line, and we'll soon offer one of the most complete ranges of phone equipment available," Mr. Tchuruk said.

The company has come a long way since September, when it stunned investors by saying it would fail to meet earnings expectations for last year because of weak demand for its traditional voice equipment.

The warning showed just how far behind Alcatel then was in the race to provide new equipment to handle

data, even as it emerged from a three-year reorganization that should have sharpened its focus on the fastest-growing markets.

A favorite on the Paris stock exchange since Mr. Tchuruk arrived in 1995 to try to turn the company around, Alcatel's shares plunged, hitting a 20-month low of 68.14 euros on Oct. 2. This year, the stock had fallen as much as 12 percent, making it one of the cheapest stocks in the phone-equipment industry.

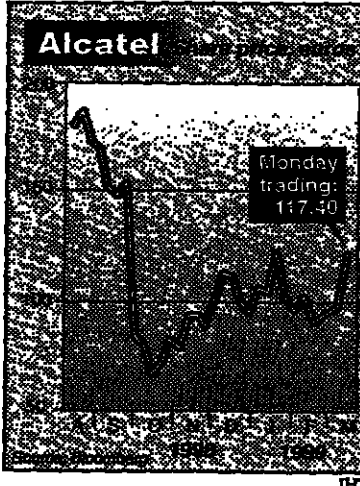
Even after last week's rise, the shares still trade at 29.5 times estimated 1999 per-share earnings, analysts said, compared with an industry average of 33.4. Lucent Technologies Inc., the No. 1 phone-equipment maker, trades at about 47.5 times earnings.

But the acquisitions announced last week could give Alcatel the ammunition it needs to take on its bigger North American rivals and complete a transition into a full-fledged telecommunications company.

"Xylan gets Alcatel back into the game for the highest-growth segment of the market," said Stephen Koffler, an analyst at Donaldson Lufkin & Jenrette, referring to the data-networking market, which is growing at least twice as fast as demand for voice equipment.

Alcatel will present its 1998 earnings Thursday, and analysts say Mr. Tchuruk must prove that amid Alcatel's U.S. acquisition spree the company has not stopped cutting costs and turning around its problem units. In the telecommunications industry's other major market — mobile equipment — Alcatel still lags. Its cellular infrastructure division lost an estimated 1 billion francs (\$165.6 million) last year, when it was supposed to have returned to break-even.

A recent alliance with Motorola Corp. gives Alcatel a fuller line of products for the U.S. market, but that only goes part way to remedy the problem, analysts said. Alcatel stopped short of cooperating with



Motorola in the market for equipment

that global systems for mobile

communications. GSM is used

throughout Europe, where Alcatel

faces competition from Ericsson AB

of Sweden and Nokia Oy of Finland.

Becoming stronger in that market is

essential for Alcatel to make its cell-

phone unit profitable, analysts said.

## Very briefly:

• Management at Ashmore Investment Management, the emerging-markets fund-management unit of Australia & New Zealand Banking Group Ltd., plans to purchase the London-based unit from the bank. ANZ announced in October it would withdraw from emerging-markets trading and lay off 70 of the 550 people in its London office.

• Merrill Lynch & Co. ranked No. 1 for a second year in stock research, based on its stable of analysts and its breadth of coverage worldwide, according to Nelson Information. Merrill has 455 analysts who follow 4,504 companies, surpassing Warburg Dillon Read, which has 402 research analysts who cover 3,410 businesses. ABN-AMRO is next, with 241 analysts covering 2,727 companies.

• Turkey's stock market, last year's worst performer, leads all other markets worldwide so far this year. The National 100 Index has surged about 30 percent in dollar terms, while the Dow Jones industrial average has gained 6 percent. The rally may be just beginning, analysts say. Elections, scheduled for April, are expected to strengthen the government and enable it to continue shoring up public finances, containing inflation and reducing borrowing costs.

• Morgan Stanley, Dean Witter & Co. named three people to head three new regional sales divisions as it moves to replace Robert J. Dwyer, who is retiring as national sales director April 1. The sales force has grown more than 50 percent to 11,040 brokers since Mr. Dwyer took charge in 1990.

Reuters, Bloomberg

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ASIA/PACIFIC

# Renong Unit Plans Bond Sale to Save Parent

**Bloomberg News**  
**KUALA LUMPUR** — Renong Bhd. said Monday that its cash-rich unit would sell a record 8.4 billion ringgit (\$2.21 billion) worth of bonds to bail out, after the Malaysian industrial giant failed to orchestrate a state-backed rescue.

The bond sale by the Renong unit Projek Lebuhraya Utara-Selatan Bhd., or Plus, will be the biggest ever by a Malaysian company and will avert the collapse of one of the country's most politically well-connected business empires. Renong has more than 20 billion ringgit worth of debt, or more than 5 percent of Malaysian banks' total loans.

Malaysian banks, insurers and pension funds will be called on to buy the bonds, said C. Rajandran, chairman of the Corporate Debt Restructuring Committee, which was created by the government to prevent leaders from taking companies to court.

The new debt plan, likely to "appease foreigners," said Wong Yee Hui of Merrill Lynch & Co., and may revive foreign investors' interest, bringing much-needed funds to help pull Malaysia out of its recession.

Shares of Renong did not trade Monday. On Friday, Renong fell 1.51 to 80.5 sen.

Renong's latest proposal supplants a controversial plan unveiled last year to replace 10.5 billion ringgit of debt at it and other developers with government bonds. That plan was shelved after Malaysia failed to endorse it, faced with the accusation it was bailing out the Renong chairman, Halim Saad.

Mr. Halim said Monday that he "may consider playing a smaller role" at Renong. He did not elaborate. He said he faced no pressure from the government to quit, saying that had there been any pressure, "it would be interference in the private sector."

Mr. Halim also said Renong would add three new seats to its board this week.

Mr. Halim is a protégé of Finance Minister Datuk Zaimuddin, one of the wealthiest businessmen in Malaysia. Renong's businesses were formerly owned by the ruling United Malays National Organisation. The assets were bundled into Renong under a restructuring, and Mr. Halim was picked to head the company.

The debt plan is critical to the survival of Renong and showcases Malaysia's attempts to save companies that have been the backbone of its industrial development. It shows the efforts Kuala Lumpur is making to steer clear of being seen as organizing state-backed bailouts of troubled companies run by executives with close ties to UMNO.

"The government will pay close attention to providing a very good settlement for Renong's foreign creditors to ensure its credibility," said Franklin Tan, vice president for business development at Premier Capital Securities.

Under the plan — expected to be completed by the third quarter of this year — the money raised by the sale of Plus's seven-year, zero-coupon bonds yielding 10 percent per annum will be used to pay off creditors of Renong and its unit United Engineers Malaysia Bhd.

Renong, like other companies in Malaysia, was hurt by increases in interest rates last year to protect the value of the ringgit. The rates reduced demand for everything from cars and property to consumer goods while raising the cost of paying back debt.

Renong posted a loss of 794.1 million ringgit in the year ended June 30, compared with a profit of 469.5 million ringgit a year earlier.

# Japan Banks Say They See End of Losses

**Compiled by Our Staff From Dispatches**  
**TOKYO** — Japan's major banks said Monday that a massive publicly funded industry bailout, along with cost-cutting measures and write-offs of nonperforming loans, would help them end years of losses.

The banks made the predictions as they announced the measures they said would put them in the black for at least the next four years. Their restructuring steps are a precondition to receiving money from the 7.5 trillion yen (\$60.8 billion) public fund.

"We had to ask for public money because of our bad loan problems, and we take the matter very seriously," said Yoshifumi Nishikawa, president of Sumitomo Bank Ltd.

"That's why we're restructuring as thoroughly as we are."

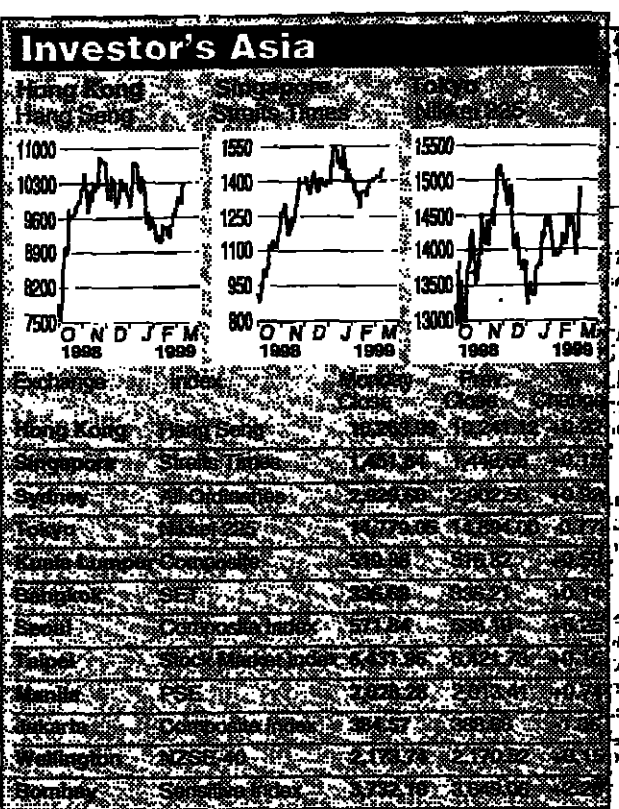
The banks and the government say the money will be used to cleanse balance sheets of bad loans that have festered since the collapse of Japan's stock and land prices in the early 1990s, giving the lenders a new lease on life and a chance to pump money into the country's withering economy.

But Japan's recession and the severity of the lenders' problems may prevent a smooth restructuring, analysts say.

Besides Sumitomo, the banks that promised to turn the corner on losses after implementing their cost-cutting measures were Industrial Bank of Japan Ltd., Dai-ichi Kangyo Bank Ltd., Sakura Bank Ltd., Fuji Bank Ltd., Daiwa Bank Ltd., Sanwa Bank Ltd., Tokai Bank Ltd. and Asahi Bank Ltd.

Of Japan's 17 major lenders, only Bank of Tokyo-Mitsubishi, the largest, and its subsidiary Nippon Trust Bank Ltd. declined to apply for public funds and are not obligated to offer cost-cutting steps.

Also absent was Yasuda Trust & Banking Co., which will become a subsidiary of Fuji Bank this month. (AFP, Bloomberg)



# Microsoft Prepared POSCO to End Dual-Pricing System

**Bloomberg News**  
**SEOUL** — Pohang Iron & Steel Co. said Monday it planned to stop selling steel to South Korean steel exporters at a discount to avert possible trade sanctions by the United States.

The move may hurt around 130 customers who buy raw materials from the company, known as POSCO. Many South Korean companies are trying to export their way out of the nation's deepest recession in 45 years.

Since the early 1970s, the state-controlled company has charged other South Korean companies less for raw materials used to produce steel for export than for materials that will be used on the domestic market.

South Korean steel exports to the United States climbed 26.2 percent to 273,059 tons in January, while exports by other major producing countries fell.

The U.S. deputy trade representative, Richard Fisher, meeting with South Korean officials last week, voiced concern about South Korea's rising steel exports and the dual-pricing system, which Washington considers a form of indirect subsidy.

"This is a preventive move," said Jeong Yeon Tae, a POSCO spokesman. "Our sale prices will probably be unified soon. We don't want to give any excuses for the U.S. to think that we're not being fair."

The U.S. Commerce Department has imposed duties on Japanese and Brazilian steel of as much as 80 percent. Those tariffs will price most of that metal out of the U.S. market, analysts said. Last year, U.S. steel imports surged 33 percent, to 37.7 million metric tons — a rise that prompted U.S. steelmakers and their allies in Congress to pressure President Bill Clinton's administration to impose duties on imports.

The abolition of the dual-pricing system is "the right move in the right direction," said Kim Ho Cheol, a steel analyst at Credit Suisse First Boston Inc. "It's better for the government to let go of its control ahead of the privatization than to risk U.S. trade sanctions."

Japanese steelmakers, also facing U.S. sanctions, said they did not have a dual-pricing system.

For POSCO's customers, stakes are high. "The euphoria is gone," said the purchasing manager at Incheon Steel & Iron Co., South Korea's second-largest steelmaker and a POSCO customer. The manager, who asked not to be named, said the move could "significantly hurt earnings" depending on how POSCO implemented the change.

POSCO, which serves about 75 percent of the domestic market, earned a record 1.12 trillion won (\$902.1 million) last year, spurred by increased overseas sales.

Shares in POSCO rose 4.7 percent to 58,000 won.

# Very briefly:

- Development Bank of Singapore Ltd. and Overseas Union Bank Ltd., two of Singapore's "big four" banks, reported lower net profits for 1998 as they raised their provisions against doubtful debts. Development Bank's net profit fell 42 percent from a year earlier, to 222.7 million Singapore dollars (\$128.77 million), while Overseas Union's net profit fell 29 percent, to 180.39 million dollars.
- China's coastal Shandong Province is likely to lose about 5 percent, or 247,000 hectares, of its winter wheat crop to its worst drought since 1916, according to government officials.
- Hyundai Motor Co.'s new chairman, Chung Mong Kyu, fired the company's deputy chairman, who is also his cousin, and his confidants, transferring them to the construction unit of Hyundai Group, South Korea's largest family-run conglomerate.
- NTT Mobile Communications Network Inc., Japan's largest cellular-phone company, is negotiating with Excite, Japan about obtaining content from the Internet services company for its data phone, Excite Inc.'s president, John Polombo, said.
- Taiwan's exports grew 6.8 percent in the first two months of 1999, to \$17.40 billion, because of an increase in shipments to the United States, Europe and Japan.
- Standard & Poor's Corp. said investors should be cautious about putting money into China and be wary if a government guarantee is needed to justify risk.

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Lyons Raab: Fax (33-1) 41 43 92 12 or e-mail: funds@lraab.com		Quotations supplied by fund groups to: STANDARD & POOR'S MICROFIL, L33-1 40 28 09 09, e-mail: htdm@microfil.fr		funds subscribe at: e-funds@st.com		http://www.st.com/INT/FUN/funds.html											



**NASDAQ**

**Monday's 4 P.M.**  
The 1,000 most traded National Market securities  
In terms of dollar value, updated twice a year.  
The Associated Press.

High	Low	Stock	De	Vol	PE	12M	Ret	Low	Cost	Opn
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**AMEX**

**Monday's 4 P.M. Close**  
The 150 most traded stocks of the day,  
up to the closing on Wall Street.  
*The Associated Press.*

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Stock	Index	Sales	High	Low	Volume	Change	Price	Volume
Anchor	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Bank	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Chemical	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Comcast	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Conoco	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Corning	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Cummins	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Dynalene	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Eastman	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Exxon	28	40	1 1/2	1 1/2	100	0	1 1/2	100
General	28	40	1 1/2	1 1/2	100	0	1 1/2	100
IBM	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Johnson	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Kodak	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Lincoln	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Martins	28	40	1 1/2	1 1/2	100	0	1 1/2	100
McDonald	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Merck	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Microsoft	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Motorola	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Norfolk	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Oracle	28	40	1 1/2	1 1/2	100	0	1 1/2	100
PepsiCo	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Pfizer	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Procter	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Reynolds	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Schlumberger	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Shell	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Singapore	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Sony	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Standard	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Union	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Verizon	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Walmart	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Wendy's	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Weyerhaeuser	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Yamaha	28	40	1 1/2	1 1/2	100	0	1 1/2	100
Zenith	28	40	1 1/2	1 1/2	100	0	1 1/2	100

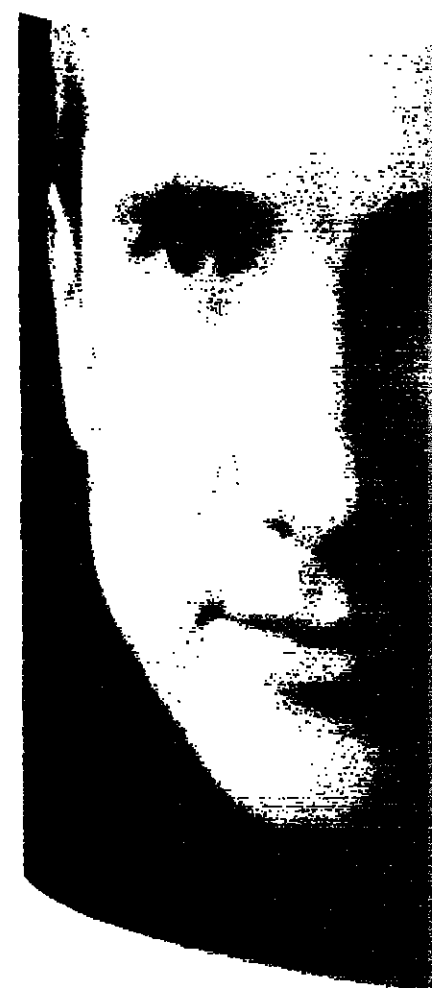
[illegible]**NYSE**

**Monday's 4 P.M. Close**  
(Continued)

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# ADEN-WURT



هكذا من الأمل



# BADEN-WÜRTTEMBERG



A land of forests,  
mountains and  
waterways, Baden-

Württemberg is also one of  
Germany's economic  
powerhouses. Boasting  
GDP growth of 4 percent  
last year, the state has  
launched an active  
program to attract  
international investment,  
notably from the  
United States and Asia.



## SHARING THE WEALTH WITH INWARD INVESTORS

Baden-Württemberg had a good year in 1998, showing rises in productivity and exports and a drop in unemployment.

Baden-Württemberg's gross domestic product rose by 4.1 percent in 1998. It was the largest increase recorded by Germany's 16 states and was a whopping 41 percent above the GDP rise for the country as a whole.

In 1998, Baden-Württemberg also smashed its annual records for exports, industrial output and productivity. Employment rose in the industrial sector, reversing a long-term trend and giving the state Germany's lowest rate of unemployment as of February 1999.

Armed with these statistics, Baden-Württemberg's economic development officials have launched a worldwide campaign to secure inward investment. Their efforts are taking them to the farthest corners of Asia and North America — and of the state itself.

### Into action

Explaining why a number of senior state officials have traveled to China and other parts of Asia during the past few months, Walter Döring, Baden-Württemberg's minister of economic affairs, says: "We believe

in the Asia market, believe that it's about to stage a great comeback."

He adds: "We also believe in maintaining continuity of contact with our business partners, no matter what their current situation happens to be, and no matter what the others are doing." The "others" are Germany's other states, which have largely abandoned Asia and are now focusing their investment recruitment activities on North America.

The minister's view of a pending return to form in Asia is shared by the state's private sector, which has been busy broadening the working relationships forged over the previous decade.

"We aren't, of course, forgetting North America," notes Mr. Döring. His ministry is staging no less than four official visits to and events in the United States and Canada in 1999. It is also employing another, novel tactic to secure investment from North America, which goes by the name of "inward marketing." The ministry maintains close ties to Baden-Württemberg's 250 "Americans" — the U.S.-owned companies in the state. Mr. Döring has

worked to get these companies to do a little selling on behalf of Baden-Württemberg to the big bosses back home.

"At our frequent get-togethers," he explains, "I urge the state-based executives to do some cheerleading for Baden-Württemberg in America, to make sure the parent companies know how well their local subsidiaries and the state itself are doing."

The ultimate goal is to induce the parent company to make follow-up investments in Baden-Württemberg. As the recent examples of Hewlett-Packard, TRW and other American industrial powers show, this inward marketing has been successful.

"Our inward marketing is by no means restricted to our Americans," Mr. Döring adds. "Among many other nationalities, we have a large number of Swiss- and French-owned companies in the state, and we've also been urging them to relay the word back across the border. Our large stock of successful foreign-owned subsidiaries constitutes one of Baden-Württemberg's greatest

business assets, and it's my objective to fully activate it."

### Strong performance

Cheerleading for Baden-Württemberg is easy these days, thanks to the latest economic figures. Riding the strength of Baden-Württemberg's mighty automobile, industrial facilities and electronics/information technology sectors, industrial sales were up 7.5 percent in 1998, the largest climb in more than two decades. Total industrial sales came to a record 406 billion Deutsche marks (\$226 billion). Of that, 160 billion DM, or 39 percent (itself an all-time high), came from exports, up 7 percent over 1997's figure.

The strength of its industrial sector has allowed the state to make a serious dent in its unemployment rate. By February 1999, Baden-Württemberg, with a 7.1 percent rate, had passed neighbor and arch-rival Bavaria to assume the best figure among Germany's states.

Baden-Württemberg's 3.6 percent growth in productivity — defined as the output per employee in the state — explains the state's



record highs and country-wide lows. The rise pushed the state's five-year average productivity increase to 3 percent, the largest climb in the state's economic history.

"Our state's companies are among Europe's leaders in incorporating advanced, on-line systems into their production, distribution and marketing operations," says Mr. Döring. "This ongoing trend is imparting them an ever-greater productivity. I expect the ongoing addition of multimedia capabilities to these operations to yield a further jump."

## FACTS AND FIGURES

### BADEN-WÜRTTEMBERG

Population: 10,075,000  
Area: 35,751 square kilometers (14,300 square miles)  
Capital: Stuttgart (pop. 599,000)

### Other major cities:

Mannheim (318,000)  
Karlsruhe (279,000)  
Freiburg (196,000)  
Heidelberg (140,000)

### Prime Minister:

Erwin Teufel

Deputy Prime Minister and Minister of Economic Affairs:  
Walter Döring

### GERMANY'S GROWTH LEADER

(Real rate of GDP growth in 1998 in %)

Baden-Württemberg 4.1  
Lower Saxony 4.0  
Bavaria 3.4  
Bremen 3.4  
Germany 2.9

(Source: Germany's Federal Office of Statistics)

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Landesbank Baden-Württemberg



# BADEN-WÜRTTEMBERG

## THE DEAL-CLINCHER: CLOSE ATTENTION TO DETAIL

Point-to-point selling is the way the state is going after high-tech companies with an interest in expanding internationally.

The "show-and-tell" era in Baden-Württemberg is over. Says Klaus Ferdinand, managing director of GWZ (Baden-Württemberg Agency for International Economic Cooperation), the publicly owned corporation charged with representing the state around the world: "The days when we would take out our brochures and show potential investors where our state was and what our business community did are long gone. Today's investors have a detailed knowledge of our state's business community and the sectors comprising it. The questions they now pose to us are also detailed: Which of my suppliers or competitors is located in city X or region Y? Which new logistics facilities are being completed in Baden-Württemberg this year?"

The shift is partly a by-product of the ties forged between Baden-Württemberg's business community and those of the rest of the world over the past decades. "Any trading relationship produces a wealth of knowledge about the company one is dealing with," points out Werner Schmidt, chairman of the board at Landesbank Baden-Württemberg, the state's largest bank. "This information extends to the features of the company's home base. No business sector in Germany — and few in the world, for that matter — have more international trading relationships than Baden-Württemberg."

Even more information comes out of the process of investment. Here, too, Baden-Württemberg is among Europe's leaders. During the last 50 years, nearly

all of the industrial powerhouses in Europe and North America have set up production, distribution or logistics facilities in the state.

### Active outreach

A large amount of investment capital has also been flowing out of the state. Baden-Württemberg's companies were at the forefront of the move by German business into on-site production abroad. The state's companies started by setting up their factories in Asia and North America, and have since moved into Central and Eastern Europe.

The shift has changed the form and content of GWZ's outreach to non-German investors. "By the early '90s, it was clear that these show-and-tell general information seminars were no longer in

demand," says Mr. Ferdinand. "We accordingly moved into events, held in the countries we had targeted, that showcased our advanced technologies and the scientists and companies that created them. We figured that the foreign companies' interest in getting a peek at our exciting innovations could be parlayed into working relationships down the road."

The strategy worked, producing a large number of binational licensing and joint-development arrangements in the microelectronics, medical technology and industrial electronics sectors, among others.

Over the last few years, GWZ has focused its investor outreach on small, young, high-tech companies based in Taiwan, Singapore, California and other



Targeting the world: Many state companies have also set up production facilities abroad.

hotbeds of start-ups and innovation. The agency or its representative first puts together a list of interesting companies; this process of preselection looks at the companies' investment potential, their rates of growth and their propensity for setting up shop abroad. "We go and make presentations to young companies

that have already demonstrated that they have the potential to grow strongly and to expand into the European market," says Mr. Ferdinand.

Why the focus on these small companies? "The large ones have already invested in Baden-Württemberg," he points out. ●



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e-mail: [goetschel@karlsruhe.link.de](mailto:goetschel@karlsruhe.link.de)  
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You're right to be excited about Baden-Württemberg and its companies

The Baden-Württemberg Agency for International Economic Cooperation, GWZ, can provide you with all the information you need about the German Southwest. GWZ is your contact when it comes to international company cooperation. GWZ provides support for companies and investors interested in relocating, as well as enterprises which want to establish business contacts with firms in Baden-Württemberg. As the central part of GWZ offers comprehensive information on locations and a wide range of business services.

For further information about Baden-Württemberg or GWZ, please contact:

Baden-Württemberg Agency for International Economic Cooperation - GWZ -  
Wilhelm-Bleicher Str. 19, D-70174 Stuttgart  
Telephone: +49/7 11/2 27 87-0, Fax +49/7 11/2 27 87-22  
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## BADEN-WÜRTTEMBERG

### BANKING MERGER CREATES REPOSITORY OF EXPERTISE

The new Landesbank Baden-Württemberg aims for know-how and speed.

It would appear to be more of the same for Baden-Württemberg's banking sector these days. The state's manufacturers are producing and exporting an ever-growing number of automobiles, printing machines, X-ray devices and other local industrial specialties. They are building new facilities and expanding existing ones.

These developments have further stoked the need for trade and capital investment financing, two mainstays of the banking sector. To the outside observer, the only notable change in the sector involves its makeup.

Three for one In a move that took effect on Jan. 1, 1999, Landesbank Baden-Württemberg (L-Bank), the Südwestdeutsche Landesbank (Südwest LB) and the Stuttgart-based Landesbank Baden-Württemberg merged, forming Landesbank Baden-Württemberg.

The banks were already successful in their own fields. L-Bank provided a wide range of financial services and products to the state's public sector and to many of its business heavyweights and real-estate developers. Südwest LB provided national and international-level services to and for its owners, the state's savings banks. One of these, the Stuttgart-based Landesbank, operated a chain of savings banks covering all of the former kingdom of Württemberg.

The new Landesbank Baden-Württemberg, with a balance sheet total of 428 billion Deutsche marks (\$239 billion) is the seventh-largest bank in Germany. In terms of profitability, it ranks fifth.

The new bank is particularly active in Baden-Württemberg where, as its chairman, Werner Schmidt, points out, it and the state's savings banks hold a more than 50 percent share in many of the banking sector's retailing, corporate and wholesaling segments. With headquarters in Stuttgart, Mannheim and Karlsruhe, the new bank has more than 230 outlets in Baden-Württemberg.

Its size notwithstanding, the merger hasn't really attracted much notice among the banks' customers. There's been no real change in the "interface" they deal with, although a major new corporate-identity building program for Landesbank in now in the works.

According to Mr. Schmidt, the lack of front-counter alterations is more than outweighed by the changes taking place in

Landesbank's back offices. "We're in the process of forging our three information technology networks into a single entity," he notes. "This process will give us the speed requisite to stay at the forefront of today's changing markets."

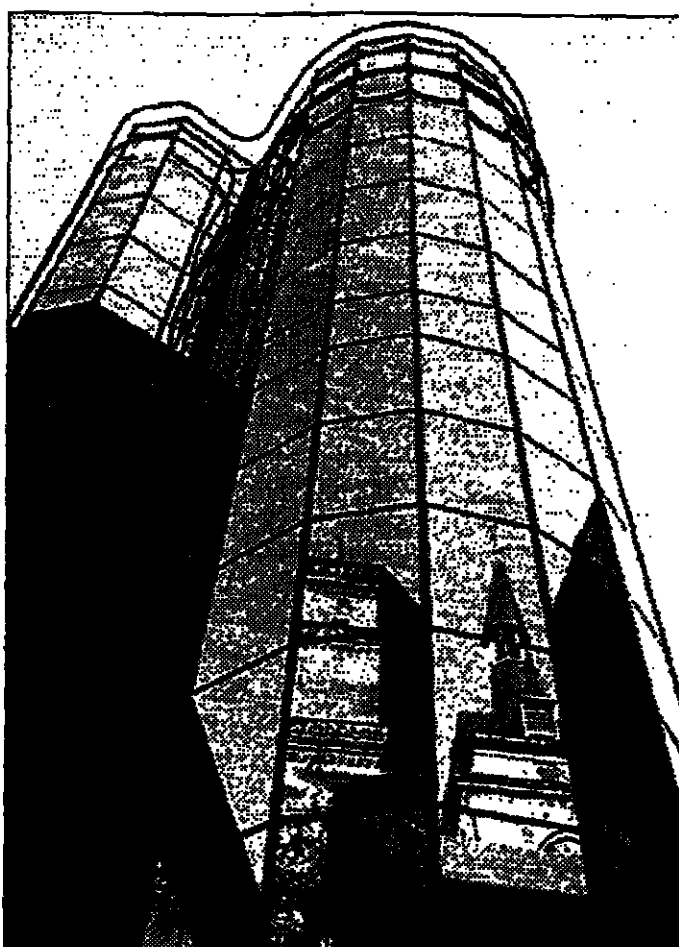
Technological spur According to Mr. Schmidt, the advent of Web-based banking is another compelling reason for speed. "A customer ordering or requesting information via an on-line icon expects to receive an appropriate response within a very short period of time," he points out.

The changes currently taking place in Baden-Württemberg's business community also affect the bank. "Whole new sectors are springing up in the state," says Mr. Schmidt. "I'm thinking about multimedia and biotech. These are very positive developments for our economy, which is still too heavily reliant on our 'big three' — automobiles, industrial equipment and facilities, and electronics. This emergence does, however, constitute a great challenge to us at Landesbank."

He adds: "As the banker of choice for much of our state's small and medium-sized enterprises, we are the first ones these young companies come to when they need capital. Based on our years of experience, we can evaluate the quality of the companies' management, one of the two criteria involved in lending money. But an evaluation of the companies' state-of-the-market technologies and know-how — that's often beyond the capacities of our in-house departments covering high tech, or those of any other bank."

To get these authoritative evaluations of a start-up's products and services, Landesbank calls on the services of a coterie of outside experts, many of whom have now settled in Stuttgart. They join the bank's own in-house group of financial experts with years of experience in managing transactions and providing services on the international level.

Products and services aren't the only things changing in the business community. Mr. Schmidt points out: "Many of our state's companies were founded in the years after World War II, which means that the people who founded them are nearing the ends of their working lives. These founders often turn to us for help in structuring the process of succession, or even in finding a successor for them."



The state's new generation of companies not only reflects the business achievements of the past but embraces the evolving marketplace of today.

### THE GLITTERING PRIZE: A FUTURE IN E-COMMERCE

A new contest provides backing for start-up companies rich in ideas.

Even America, the home of venture capital, would be impressed. U.S. venture capitalists specialize in providing "early stages" funding — a good description of Baden-Württemberg's newest source of venture capital, which funds plans for e-commerce-based business.

The one proviso: The plan has to be better than those of the 180 other entrants of the CyberOne contest being staged by Baden-Württemberg Connected. The contest, now in the process of selecting a winner, offers a range of prizes.

The first-prize winner, to be named in April at a ceremony presided over by Erwin Teufel, Baden-Württemberg's governor, will receive 50,000 Deutsche marks (\$28,000) in cash. The prize money is being provided by SAP, Hewlett-Packard, debis Systemhaus, tesion Kommunikationsnetze and 14 other state companies, which together have forked over 700,000 DM for the contest.

Thirty-five other companies are also supporting Baden-Württemberg Connected (bwcon), the event's organizer. Bwcon is a private/public-sector partnership working to foster the transformation of the state's economy, according to Klaus-Dieter Laidig, head of CyberOne, "from one based on production to one thriving on processing information." Mr. Laidig is a senior IT executive with activities in both Germany and in California.

The contest winner will be eligible for support from the Baden-Württemberg Venture Capital Fund and, along with the companies finishing second and third, will be assigned a "start-up coach." The coaches will provide their services to the new companies on a one-day-per-month basis. Other experts will help the winners get their Web sites up and running.

"The contest is filling a gap," points out Klaus Haasis, managing director of both Baden-Württemberg Connected and MFG Medien- und Filmgesellschaft Baden-Württemberg mbH, the state's multimedia business development arm. "Venture cap-

ital, from both the state banks and from specialist companies, is widely available in Baden-Württemberg for companies that have already established themselves in the multimedia sector. But funding for the entrepreneurs whose only capital is the ideas burning in their heads hasn't been readily available."

Mr. Laidig points to the wealth of new ideas the contest is attracting: "Of the 180 full-fledged business plans received, software solutions and e-business services prevail," he says.

Sweat equity Many tales of public-sector assistance notwithstanding, a number of Baden-Württemberg's multimedia companies have blossomed into international successes without ever receiving a penny from the government.

One of them is PXD Software GmbH. Its success is due to "E-Jay," a program that allows home users to compose their own hip-hop, rap or techno songs, and to do so without having the slightest ability to play an instrument or read and record music. "That's a large part of E-Jay's appeal — that it's simple to use," says Helmut Schmitz, the company's owner.

Originally a recording studio technician, Mr. Schmitz spent months recording the building blocks of modern music. "Since we recorded in a garage, we can really say we're a garage company," he adds. A programmer then designed the easy-to-use interface allowing people sitting at their PCs to mix and match sounds.

For further information on CyberOne: Baden-Württemberg Connected Huberstrasse 4 70174 Stuttgart Tel.: (49 711) 122 28 47 Fax: (49 711) 122 28 45 http://www.bwcon.de or http://www.cyberone.de

"BADEN-WÜRTTEMBERG" was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by the Baden-Württemberg Ministry of Economic Affairs and the display advertisers. WRITER: Terry Swartzberg in Munich. PROGRAM DIRECTOR: Bill Mahler.

### AN EXCELLENT YEAR FOR JOB CREATION

The merger of Daimler-Benz AG and Chrysler Corp. has been good news for the local workforce.

Instead of looking at layoffs, as is the case in much of the rest of corporate Germany, many of Baden-Württemberg's major employers are planning to increase staff by record amounts.

On Feb. 22, 1999, a new, direct air link was launched between Stuttgart and Detroit. The airline flying the route — DaimlerChrysler Aviation — is also new. Use of its Transatlantic Star aircraft is restricted to the personnel of the newly merged companies.

Exclusive airline According to DaimlerChrysler, the Transatlantic Star's passengers include the 200 executives charged with integrating the two compa-

nies into a single unit. Joining these human-development, logistics, marketing and accounting managers are members of the line personnel — largely information-technology experts — responsible for the technical side of the merger.

Merger's effects Along with new, high-capacity data-transmission links, the Transatlantic Star is, according to a DaimlerChrysler spokesperson, "probably, for Stuttgart and the rest of Baden-Württemberg, the most important physical change resulting from the merger."

The psychological impact of the merger has, of course, been great, both for the state

and its capital city. Baden-Württemberg can now lay claim to an unprecedented string of "number ones" in Europe, including the Continent's largest industrial corporation (DaimlerChrysler), IT company (IBM Germany) and software developer (SAP).

New hiring DaimlerChrysler is set to give a great boost to Baden-Württemberg's economy in 1999. This impetus, however, is not an after-effect of the merger, but rather a continuation of the growth being recorded by the company's domestic operations.

According to a survey conducted by WirtschaftsWoche, after hiring 6,500 people in

1998, DaimlerChrysler Germany (the old Daimler-Benz) plans to increase its total workforce by another 8,000. Most of this hiring will be in Baden-Württemberg, and will be for Mercedes-Benz's new and expanded factories, reports the magazine.

That increase puts DaimlerChrysler at the top of the list of Germany's best job creators. Other state companies in the list's top 10 include Robert Bosch (fourth), IBM Germany (sixth), SAP (ninth) and Manpower (10th).

Another Baden-Württemberg-based company, Trumpf, a manufacturer of industrial equipment and facilities, plans to increase its workforce in 1999, by 9.3 percent.

### NEW IDEAS FROM SCHWÄBISCH GMÜND

A network of institutes and business development programs has helped create the multimedia sector.

Years of systematic, state-wide public-sector support are paying off: Baden-Württemberg's multimedia sector now has a depth unmatched elsewhere in Continental Europe. Its current crop of innovations stands to change the look and feel of the Internet — and the ways the state's businesses produce, market and invoice their products and services.

The Inform system improves the organization and presentation of information on Web sites and databases. The image-driven system allows for the fluid, side-by-side arrangement of data; it also provides on-the-spot summaries of what lies below and next to each layer of the interface being accessed by the information-seeker.

This is a sharp contrast to today's sites, which often involve minutes of dogged, blind clicking on underlined words, and the printing out of many pieces of paper just to have the few scraps of useful information contained at each of the site's levels.

Along with Inform's elegant look and feel, its attributes stand to make the information design system the coming standard on the Internet. This prospect helped Inform to win this year's Multimedia Transfer prize, awarded at the 1999 multimedia trade fair (held in March) by MFG Medien- und Filmgesellschaft Baden-Württemberg mbH, the state's multimedia business development arm.

The world's Web giants have been

quick to see the potential of the new system. Projekttriangle Informationsgestaltung, the company that created Inform, is reportedly holding "serious discussions" with Microsoft and other major companies.

A new, market-creating design for search engines — that alone is worthy of front-page coverage, which is what the system has already achieved. Even more interesting is how and where it came into being.

Once upon a time Danijela Djokic, Martin Grothmaak and Jürgen Späth started out as students of media design at Schwäbisch Gmünd's Academy of Design, a polytechnic created at the behest of Baden-Württemberg's government, which was also behind the founding of MFG.

MFG stages events bringing Projekttriangle and its like together with potential partners and customers, and advises them on sources of financing and assistance.

"We've received quite a bit of nurturing," says Ms. Djokic. She adds: "We are by no means exceptions, either in the amount of assistance received or in the talents displayed. There are a lot of us in Schwäbisch Gmünd."

This might be news to many people in Baden-Württemberg, who tend to associate the city with half-timbered houses and its famous market square. To the state's residents, "multimedia" most often evokes Stuttgart, Freiburg and es-

pecially Karlsruhe, home to ZKM (Zentrum für Kunst und Medientechnologie), the world's first institute of multimedia art and media technologies.

"Our school has preferred to keep to itself," says Ms. Djokic of the relative lack of awareness in the state and elsewhere of Schwäbisch Gmünd's emergence as a center of multimedia development.

Professor Horst Autzen, head of multimedia development at Baden-Württemberg's Ministry of Economics, has a different view. "We've reached the point where there are so many nodes of multimedia activity in the state that it's getting nearly impossible to keep up with the sector," he says. "Complicating matters is the fact that our state's multimedia companies are developing so rapidly."

Found: a killer app Keeping abreast of Baden-Württemberg's multimedia sector is worthwhile, however, because of its market-creating innovations. One example is the virtualization programs produced by Freiburg's Virtual Identity GmbH. Selected by Intel to demonstrate the capabilities of cutting-edge multimedia applications, the programs, among other things, equip salespeople with the ultimate tool: the ability to turn potential customers' desires into actual items. "Our programs take the guesswork out of purchasing," says a spokesperson for the company.

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## BADEN-WÜRTTEMBERG

### FLOATING PAST PALACES, FORESTS AND WILDLIFE

Seeing Baden-Württemberg by boat offers some of the best sights of town and country.

For most of Baden-Württemberg's history, the Rhine, Danube and Neckar provided the best routes through the state, which consists of rugged mountains and hills, making land-based routes winding and long. Not surprisingly, nearly all the state's main cities are to be found on the rivers, or on Lake Constance, which is fed and drained by the Rhine.

Today, these waterways and their lesser-known counterparts provide a relaxing way to take in the state and its many sights.

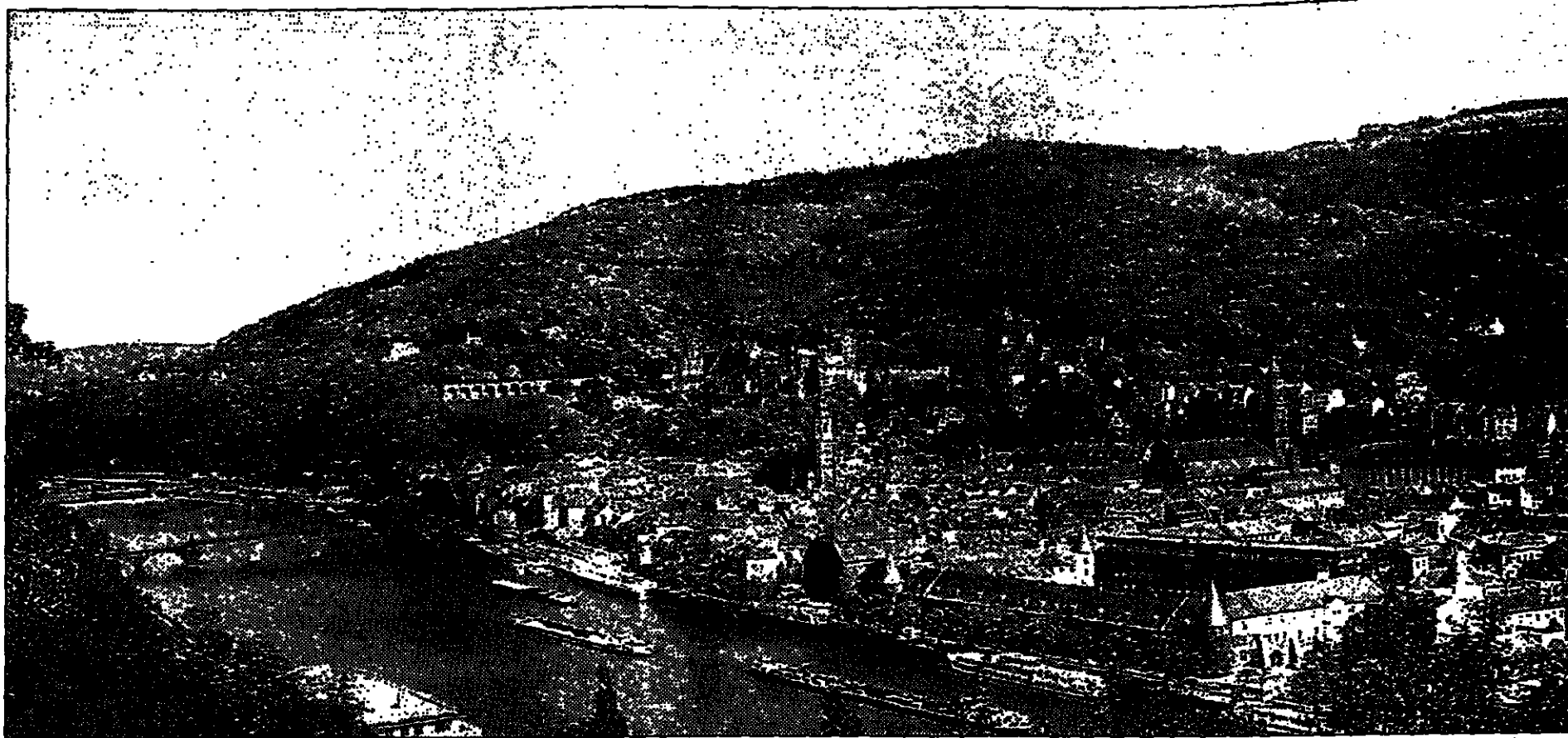
#### Lake Constance

Central Europe's largest body of water, Lake Constance is served by a grid of ferries (36 ships all told, 17 of them in Baden-Württemberg) and by cruise ships that go out for a few hours or an entire day. Besides prosperous Konstanz, the lake's official capital, well worth a visit are Meersburg, an idyllic village of wine-growers perched on a steep lakeside slope; Überlingen, an elegant spa; and Friedrichshafen. While it lacks some of the historic charms of its lakeside neighbors, Friedrichshafen does offer the sight of a locally made zeppelin being put through test runs above the city.

The lake's most popular attractions include two islands basking in a subtropical microclimate. Mainau, which is covered with millions of flowers, attracts 1.5 million visitors a year and has thousands of palm trees as well as several baroque palaces. Reichenau is home to Germany's oldest monasteries as well as gardens that produce 5,500 kilos (12,100 pounds) of vegetables per inhabitant per year.

#### Down the Rhine

Baden-Württemberg has spectacular Rhine-side scenery, including the wooded heights of the Black Forest and several deep gorges. Most of the cruises down the Rhine include side trips to the memorable cities located a few kilometers inland from the river, including Heidelberg, Freiburg and Baden-Baden. Main ports of call for the cruise ships are Karlsruhe, Kehl, Weil, Breisach and Mannheim.



Waterways like the Neckar have historically linked the communities of Baden-Württemberg and still provide one of the best ways to visit the state's many well-known cities, such as Heidelberg, above.

The Schluchsee and Titisee are brooding bodies of water located in the southern reaches of the Black Forest. Here the mountain range reaches its highest points. The lakes are popular with visitors to the forest, many of whom are hikers who use the ferries plying the lakes as a break from the pleasurable and exhausting business of trekking up and down the forest promontories.

Less well-known than the Rhine, the Neckar is indisputably Baden-Württemberg's "downtown" river, linking many of its most important communities to each other and the outside world. These include Stuttgart, Ludwigsburg, Heilbronn,

Eberbach and Heidelberg — all ports of call for the Neckar ferries. Each offers cruise operations of its own.

#### Origins of the Danube

The Danube's source is one of three springs. All of them are located in southern Baden-Württemberg. The river is still pretty much a stream for most of its passage through the state — too small for cruise ships, but perfect for canoes and kayaks. Both are available in the Danube communities. Ulm is the jumping-off point for "canoe hikes" — organized trips taking groups upstream for several days of paddling and nature-

watching. Canoe hiking is also popular on the state's less well-known rivers: the Tauber, Jagst, Murg and Kinzig. ●

#### For further information:

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### NEW UNIVERSITIES, REAL AND VIRTUAL

One community-level investment: campuses.

In late November, the University of Southern Queensland became the latest university to set up shop in Baden-Württemberg. The USQ's European Center of Study and Research will be located in Bretten, a pleasant town of 26,000 located a few miles down the road from Bruchsal, in northwestern Baden-Württemberg. Bruchsal is home to the new International University, which opened in September 1998. Both these cities are about three-quarters of an hour from Stuttgart, whose Institute of Management and Technology will open its doors in November.

These three university start-ups have received generous support from their communities — largely in the form of facilities. The new universities' main language of instruction is English, and students graduating

from them will receive B.A.s and M.A.s — degrees that are standard in Australia, the United States and elsewhere, but virtually unknown in the immutable world of German education until a few years ago.

#### Market-driven

These degrees are now in demand by Germany's business community, which sees the

courses of study leading to them as attuned to the needs of today's fast-moving world of commerce. In responding to the needs of the local business community, the new universities' founding parents are emulating Baden-Württemberg's eight Berufshochschulen.

These institutes of professional education offer fast-track courses of study oriented toward "real world" information. For this reason, the institutes' graduates are in



All of the state's public universities and polytechnics offer international-track courses.

high demand by local employers.

The state's Berufshochschule movement started in Mannheim, a half-hour from Bruchsal and Bretten. The proximity of the Berufshochschule and the universities in Bruchsal, Mannheim, Heidelberg and Karlsruhe was, in fact, one reason the directors of the USQ chose the community as the site of their new campus. The cluster of universities, they reasoned, would make it easier to recruit teachers.

By setting up shop in

Baden-Württemberg, the USQ was following the lead of a number of American universities that have established campuses in Heidelberg, Schwäbisch Gmünd and Stuttgart. As was the case with the USQ, the universities and groups starting up these campuses were wooed by communities throughout Germany and Europe as a whole.

#### Self-interest

Why are the communities interested in fostering these campuses? "Two reasons," says Paul Metzger, mayor of Bretten. "A new campus creates jobs. And the presence of a campus — especially one turning out graduates who have received an international-style education — in a town sends a valuable signal to potential investors: 'You'll find qualified personnel here.'"

Walter Döring, the state's minister of economics, agrees. "For international investors, a local university is often a must for any site under consideration," he says. "But these universities play another role in fostering business development. They constitute a key link in what I call the

'chain of innovation.' They help us keep our talented youth within the state, keep them learning and innovating here."

As Mr. Döring points out, a willingness to innovate is by no means confined to the state's new universities and campuses. Over the last few years, all of the state's nine public universities and 40 polytechnics have launched "international-track" courses of study.

Many of them are offering these courses jointly, via the six "virtual university" programs now available in the state. Of these, the "VirtuGrade" is the most ambitious. VirtuGrade is short for "virtual graduate studies," which is what these linkups of nine German and several foreign universities are providing. Subjects covered include computer sciences, economics and chemical engineering. VirtuGrade's "server" (the coordinator of content and rules of study) is the University of Tübingen.

All told, the state government has allocated 50 million Deutsche marks (\$28 million) to these six projects. The term of funding is the next five years. ●

### 'GREEN' ENTREPRENEURS ALSO MAKE A TIDY PROFIT

Businesses are combining environmental friendliness with economic success.

Germany has the world's largest environmental technologies sector, accounting for nearly 19 percent of the global output of "green" products and services. Many of these goods and services come from Baden-Württemberg, which has the largest environmental technology sector among Germany's states.

The sector is predominately comprised of small companies, many of which have been started up over the last decade. Prominent among them is Solar-Energie-Systeme GmbH (SES), whose founder, Georg Salvamoser, has managed a rare feat. He has become a hero to both Germany's ecologists and its business community.

Germany's market for photovoltaic systems was dying in 1991. The country's major producers were closing down their production facilities or relocating them to more promising areas, like the United States.

It wasn't an opportune time to set up a new operation, especially for a man with no experience in planning and assembling photovoltaic systems, and one whose entire capital came from the proceeds of selling the family home.

#### Andacity

Ignoring these inauspicious signs, Georg Salvamoser, previously a vendor of prefabricated houses, went ahead. His first move was to relocate to Freiburg. Located at the base of the Black Forest, the city has become Germany's "solar city." The Fraunhofer Institute for Solar-Based Energy Systems (FISES) serves as the hub for the myriad solar-related development and marketing activities in the city.

Working with the institute, Mr. Salvamoser, then 41 years old, began operations. He soon found an important backer, the locally based Alfred Ritter, one of Germany's leading manufacturers of chocolate and perhaps its most prominent "environmental angel."

Since 1991, Germany's market for solar technologies has staged a major rebound. The market is currently growing at a 50 percent annual rate. Growing with it has been SES, now the cornerstone of a rapidly expanding microconglomerate.

Mr. Salvamoser's factory, commissioned in 1996 and relocated and expanded in 1998, turns out photovoltaic modules with an annual

collective output of 5 MW. Its 1998 turnover came to 10 million Deutsche marks (\$5.5 million), up 150 percent from 1997. Mr. Salvamoser's prediction for 1999: 25 million DM.

The facility enjoys another distinction: It is reportedly the world's first "zero energy facility." Using solar energy and passive heating systems, plus a rapeseed-oil-fired cogeneration facility, it produces all the energy consumed by its production and administrative operations. Its net emission of carbon dioxide: zero. Another current Salvamoser project: marketing solar electricity to environmentally minded consumers.

In November 1998, Mr. Salvamoser was named one of the winners of the "German Prize for the Environment." Conferred by the German Foundation for the Environment, the prize bestows a total of 1 million DM on its winners, making it the richest of its kind in the world.

Winning the prize isn't why Mr. Salvamoser is so widely admired among Germany's business community, however. It's because all his accomplishments have been achieved without receiving a single pfennig of public-sector support.

Many of the parts going into Mr. Salvamoser's products were originally developed by FISES's "solar engineers." Their latest innovation solves a huge and growing problem: air conditioning.

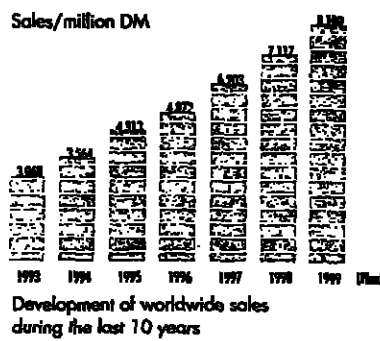
In 1997, 34 million of these devices were sold worldwide, states CCI, the Karlsruhe-based cooling-trade journal. This number will rise sharply over the years to come, thanks to global warming, population increases in tropical areas and rising standards of living.

Air conditioners consume large quantities of energy, further heating up the environment. They are still often cooled by chlorofluorocarbons and other chemicals responsible for depleting the ozone layer.

The devices now being marketed by FISES have none of these disadvantages. They are partially powered, fittingly enough, by the sun itself. Their cooling agent is water. In fact, the better it gets, the better they work.

Institute-made devices are now successfully at work around the world. One of them cools a facility in Sintra, Portugal — which manufactures air-conditioning units. ●

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Web site offering information on and links to

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## BADEN-WÜRTTEMBERG

### MANNHEIM MAKES MOVE INTO WORLD POWER SUPPLY

*This public utility is shaking up the power-supply and financial sectors.*

March 2, 1999 was an important day for Germany's financial and energy-supply sectors. On that day, MVV Energie AG became the first of Germany's 1,000 municipal power authorities to go public. The Mannheim-based company made the move to raise cash for its new activity: trading in electricity. A subsidiary of Mannheim's MVV group, MVV Energie will buy power wherever it happens to be cheapest, and sell it throughout the country.

That it or any other company can do this is the result of deregulation in the European Union power-supply sector. In Germany, this deregulation is setting off a scramble for customers paralleling the one now roiling the country's telecommunications sector. That one has reduced the price of a telephone call by around 70 percent in Germany.

**Lower rates**  
According to the news-magazine Der Spiegel, the deregulation of Germany's power-supply sector will yield a 30 percent cut in electricity costs over the first year, at least for the country's corporate consumers — the target of MVV Energie's sales pitches.

The company's shares are now listed on the Stuttgart and Frankfurt stock exchanges. The company's initial public offering was the first from Germany's utility sector — traditionally a closed shop — in a number of years. Analysts hailed MVV Energie's IPO as an important milestone in the opening of corporate Germany to the international financial community.

Some 40 percent of the orders placed for the company's shares came from abroad, with Britain, itself home to a privatized energy sector, leading the way. In a vote of confidence, MVV Energie's customers and employees also subscribed heavily to the company's offerings. All told, the IPO raised 428 million Deutsche marks (\$239 million) and was oversubscribed by three times.

**Pioneering group**  
Going public was the latest episode in one of the most remarkable stories in German business. Under the aegis of the able and enterprising Roland Hartung, the speaker of its executive board, the MVV Group (Mannheimer Versorgungs- und Verkehrsgesellschaft) has transformed itself from a sleepy operator of the city of Mannheim's public

transport, waste-disposal and energy and water supply grids into a trendsetter in no less than three other important areas.

In 1996, Germany's rail grid was regionalized, meaning that Deutsche Bahn AG, the country's federal rail corporation, lost its monopoly on the provision of regional-level rail services. The right to provide these services is now decided via region-by-region bidding. The increased competition is yielding great improvements in services in a number of regions. One of them is the Rhine-Neckar area, which is getting a spanking new S-Bahn (light rail) grid. It is being put together by a consortium in which MVV holds a 50 percent stake.

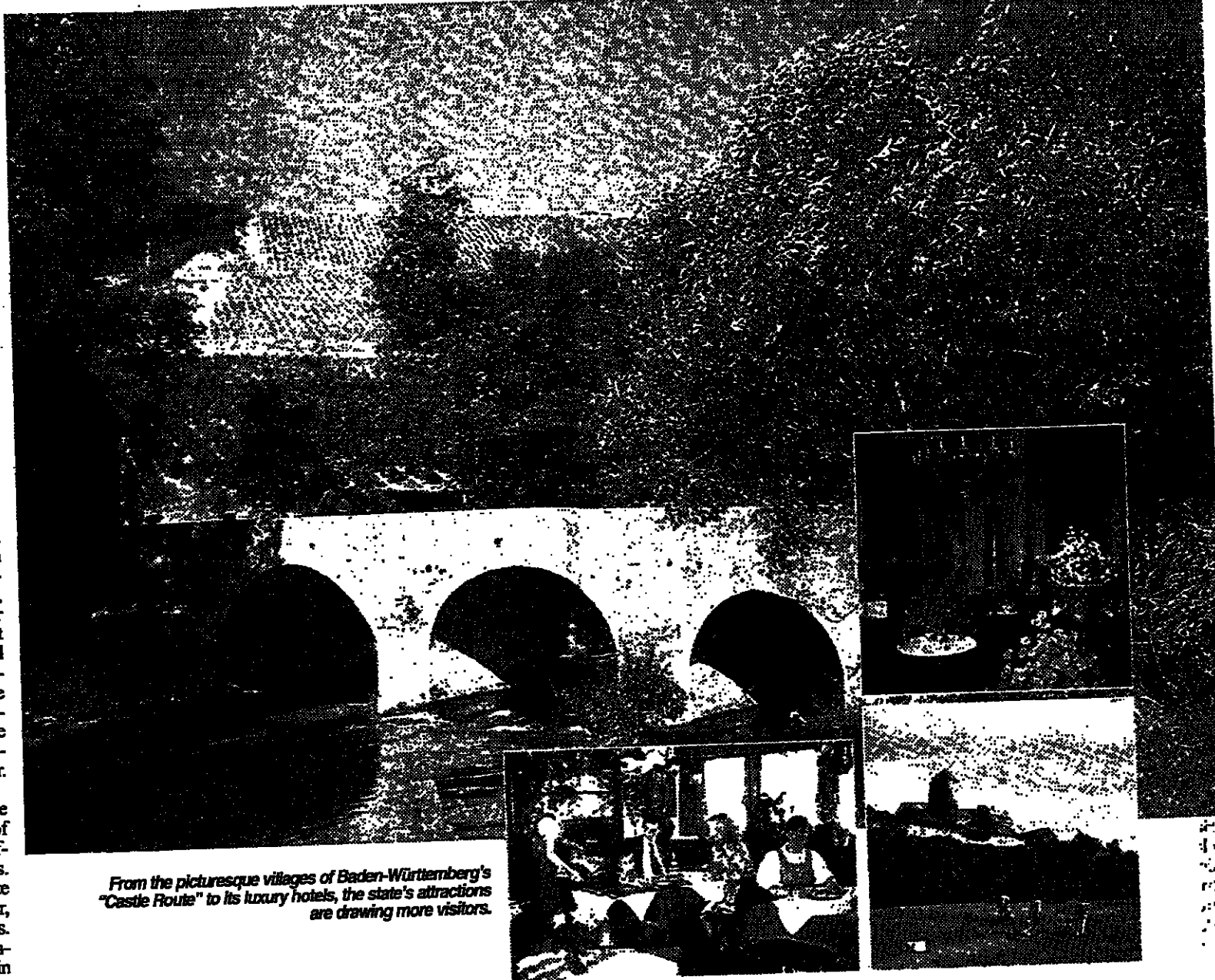
*"We have a tremendous stock of expertise in providing public goods in efficient and environmentally friendly ways."*

MVV's technicians and experts are to be found throughout Central and Eastern Europe and the Commonwealth of Independent States, engaged in revamping power plants in Russia and district heating systems in Poland (and doing both in Kazakhstan), assuring the supply of potable water in Bosnia and selling natural gas in Croatia. MVV's outreach to the Central and East European region is motivated by enlightened self-interest, says Mr. Hartung.

"It's a matter of supply and demand," he points out. "We have a tremendous stock of expertise in providing 'public goods' in efficient and environmentally friendly ways. Many parts of the region do not have adequate supplies of safe, affordable power and water, or have serious environmental problems. We've entered the market to make full commercial use of this expertise, one of our main assets, and to do our part in improving the quality of life in the region."

MVV has also been making its mark on the financial side of its business. The group was one of the pioneers of the trans-Atlantic rolling-stock leaseback arrangements now standard in Germany's public-transport sector. MVV has also become the first of Germany's municipal-level public services corporations to employ the International Accounting Standards in compiling its financial statements.

The adoption of the IAS was carried out at the same time as the group's restructuring. Taking legal effect on Oct. 1, 1998, the restructuring left the group with a holding company, MVV GmbH, and two subsidiaries, MVV Verkehr AG (transport services) and MVV Energie AG. ●



*From the picturesque villages of Baden-Württemberg's "Castle Route" to its luxury hotels, the state's attractions are drawing more visitors.*

### OLD AND NEW PLACES TO SEE AND PLACES TO MEET

*Baden-Württemberg's offerings for visitors include 25 conference centers with state-of-the-art facilities.*

Last year produced a good showing for Baden-Württemberg's tourism industry, which registered 36.4 million overnight stays, up 4 percent over the 1997 figure. Reversing a several-year decline, this rise is being credited to a rediscovery by the world's tourists of the state's traditional drawing cards, which include everything from the

Black Forest to the resort of Baden-Baden. Not coincidentally, the regions and communities that tourists are rediscovering now feature a range of new and revamped attractions. Among them are 25 congress and convention centers.

These fall into two categories: the traditional and the newly built. Both kinds feature state-of-the-art technical

infrastructure. The traditional venues include Heidelberg's Neckar-side congress house, one of the city's most appealing buildings, constructed at the turn of the century. Among the more modern are the facilities in Ulm, Stuttgart, Freiburg and Karlsruhe. The latter can accommodate up to 5,000.

Baden-Baden has one of each kind of facility. Located near the city's spa,

one of the most famous names in European cultural history, is the new congress center.

The state has a plethora of facilities for small-sized meetings of up to 200 participants. Many of these meeting rooms are housed in sumptuous hotels. Among them: Baden-Baden's Brenner's Park Hotel and the nearby Schlosshotel Bühlerhöhe. ●

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10



SPORTS

# Duke, NCAA's Top Seed, Will Play Close to Home

## Connecticut, a Formidable Opponent, Goes West

**NEW YORK** — The Duke Blue Devils will open the National Collegiate Athletic Association tournament as the top seed and prohibitive favorite.

The seeding committee sent Duke's most formidable potential opponent, Connecticut, to the West Coast. The committee's other picks and seedings Sunday suggest that the balance of power in college basketball has shifted to the East and Midwest.

The No. 1-ranked Blue Devils (32-1) will begin their national title campaign as the top team in the East Region on Friday, in their home state of North Carolina. They topped off a dominating year by thumping North Carolina, 96-73, in the Atlantic Coast Conference tournament final on Sunday in Charlotte, and they will return there Friday against the team with the worst record in the field of 64: Florida A&M, the champion of the Mid-Eastern Athletic Conference despite a 12-18 record.

"If someone would have told me six months, or even six weeks ago, that we would be playing in the NCAA tournament against Duke, I would have laughed," said Mickey Clayton, the Florida A&M coach.

Mike Krzyzewski, the Duke coach, said that even if the Blue Devils did not win the tournament after being selected as the nation's toughest team, "we'll know that we did everything we could to try to win it and we didn't let pressure stop us."

Connecticut (28-1) was made the top-seeded team in the West Region and will try once again to get to its first Final Four, beginning Thursday against Texas-San Antonio (18-10) in Denver. Like Duke, Connecticut captured its regular-season and conference tournament championships in impressive fashion, whipping St. John's, 82-63, to win the Big East on Saturday.

"UConn came out second but had to go out of the region because Duke was the top seed," said C.M. Newton, chairman of the NCAA selection committee.

Jim Calhoun, Connecticut's coach, said he expected his team would be moved geographically, adding that he was more worried about who the opponents would be than where his team would play.

"I just care about going someplace and finding out who is there, who we have to play against to get where we want to be," Calhoun said. "I've always been a bracket guy much more than geography."

Connecticut should like the West; the second seed is Stanford (25-6), a team the Huskies beat in February. The No. 3 seed is North Carolina and No. 4 is Ohio State.

Auburn (27-3) and Michigan State (29-4) earned top seedings in their home regions of the South and the Midwest.

Overall, the tournament bids provoked little controversy. The Big Ten, led by Michigan State, put the most teams in the tournament—seven—tying the record set by the Big East in 1991 and the Big Ten in 1994. If Illinois had upset the Spartans in the Big Ten tournament final on Sunday, the record would have been broken.

The traditionally powerful Atlantic Coast Conference did not fare as well. Only Maryland (26-5) and North Carolina (24-9) advanced to the tournament along with Duke. Three teams was the ACC's lowest total since two were chosen for the field of 48 in 1980.

The Big East, with Connecticut, No. 2 Miami and No. 3 St. John's, also had three teams in the top 16.

The Southeastern Conference has one-fourth of the top-16 seeds: Auburn, No. 3 Kentucky and No. 4 Tennessee and Arkansas.

The Big East and Big 12 each had five teams invited. The other multi-bid conferences were Conference USA and the Pac-10 with four each; Missouri Valley and Western Athletic with three teams each; and the Mid-American with two. Michigan State will play Friday against Mount St. Mary's, the North-east Conference champions coached by the 800-game winner Jim Phelan.

Auburn, which lost to Kentucky in the Southeastern Conference tournament semifinals, opens play in the South Regional on Thursday in Indianapolis against Winthrop, the Big South champion, which is making its first tournament appearance.

The other games in Charlotte will be Tennessee against No. 13 Delaware, fifth-seeded Wisconsin against No. 12 Southwest Missouri State and eighth-seeded College of Charleston against No. 9 Tulsa.

North Carolina extended its record with its 25th consecutive appearance, 10 more than the next-best current streak, Arizona's 15.

The other first-time teams are Arkansas State, Kent and Samford. (NYT, AP)

# Lady Vols vs. Familiar Faces

## Southeastern Conference Rules Women's Tourney

**The Associated Press**

The defending national champion, Tennessee, will have plenty of company from its league in the NCAA women's basketball tournament.

Tennessee, the No. 1 seed in the East Region, headed a contingent of eight Southeastern Conference teams chosen for the tournament on Sunday, a record for one league.

The second-ranked Lady Vols (28-2), seeking a fourth consecutive title, were joined in the 64-team field by SEC members Alabama, Auburn, Florida, Georgia, Kentucky, Louisiana State and Mississippi State.

So many SEC teams made the tournament that Tennessee could run into one as early as the third round. Auburn, which lost to Tennessee by only eight points on Feb. 14, was made the No. 5 seed in the East.

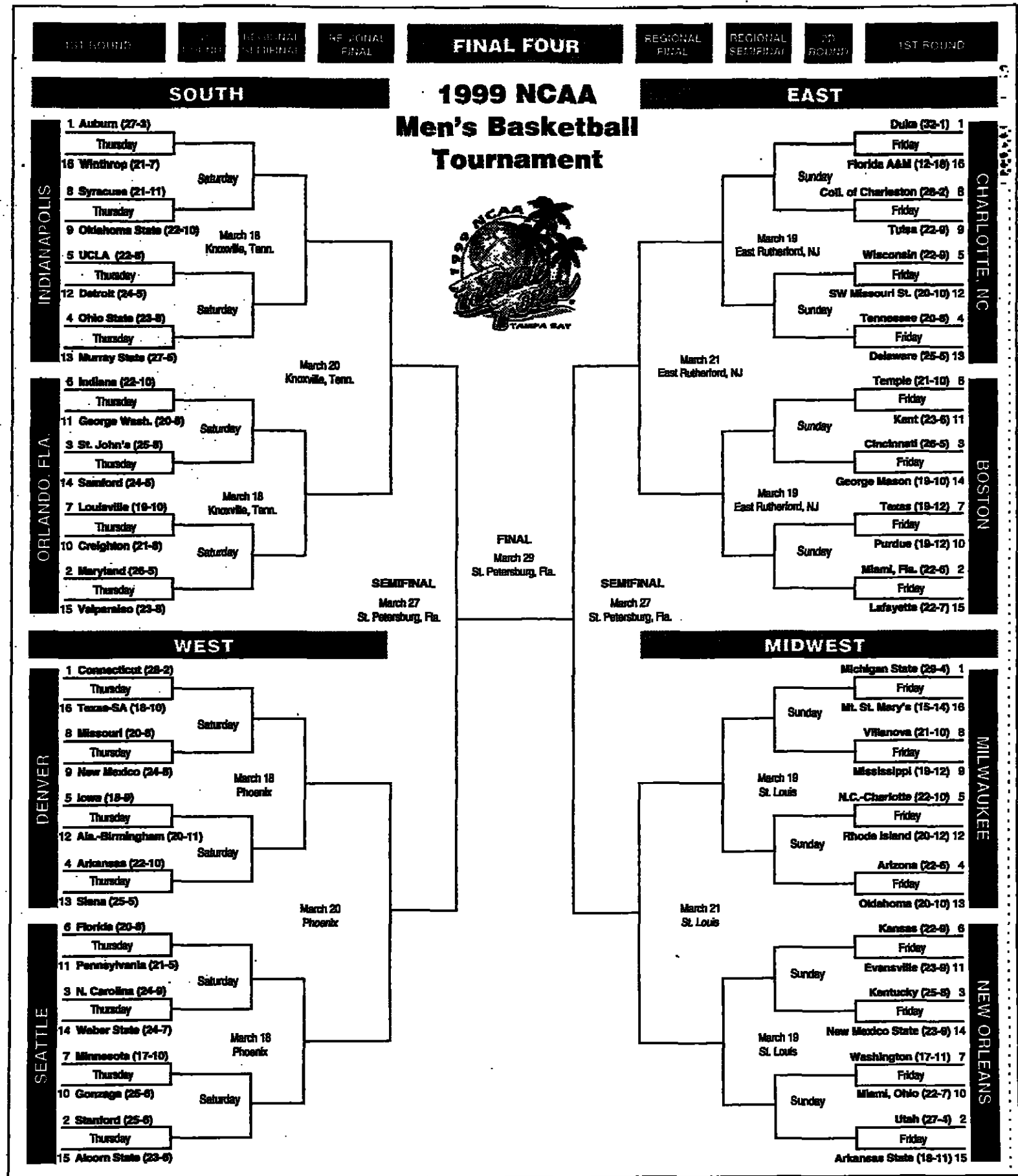
"At this time of year, I prefer to stay away from SEC teams," said Pat Summitt, the Tennessee coach.

There were no surprises in the No. 1 seeds, with the other slots going to top-ranked Purdue (Midwest), third-ranked Louisiana Tech (West) and sixth-ranked Connecticut (Midwest).

The tournament begins at eight sites on Friday. The remaining first-round games are scheduled for Saturday, also at eight sites. The top 16 seeds in the tournament are the host schools for the first- and second-round games.

Purdue has beaten two of the other No. 1 seeds — Tennessee and Louisiana Tech — this season.

"I don't think we feel any pressure at all," said Stephanie White-McCarty of Purdue. "This is what we live for. We live for the tournament. The main thing for us is to just stay focused because every game could be your last and we need to play that way."



# Spartans Rout Upstart Illini to Win Big Ten Tournament

**CHICAGO** — Illinois returned to its regular-season form as its three-game run through the Big Ten tournament came to an end with a crushing loss to Michigan State in the conference championship game.

The Spartans won, 67-50, on Sunday for their 18th straight victory. They also won the regular-season conference title and set a school record for victories with 29, against four losses.

Michigan State took advantage of the exhausted Illini, who spent the entire season at the bottom of the Big Ten, winning just three conference games, and then upsetting Minnesota, Indiana and Ohio State to advance to the tournament final. But the Illini could not match up with the Spartans, who outrebounded Illinois, 40-24.

The power forward Antonio Smith had 13 rebounds for Michigan State, including nine in the first half.

Kansas 63, Oklahoma State 37 Kansas is still the only team to win the Big 12 tournament.

The Jayhawks beat Oklahoma State in the conference final on Sunday in Kansas City for their third title since the conference was created three years ago. The title came after a regular season in which the Jayhawks lost five conference games, finishing tied for second and breaking a streak of two Big 12 championships plus two in the Big Eight before that.

Oklahoma State (22-10), playing its fourth game in as many days, shot just 23 percent from the field — a record low for the tournament — and was 2-for-5 from the free-throw line.

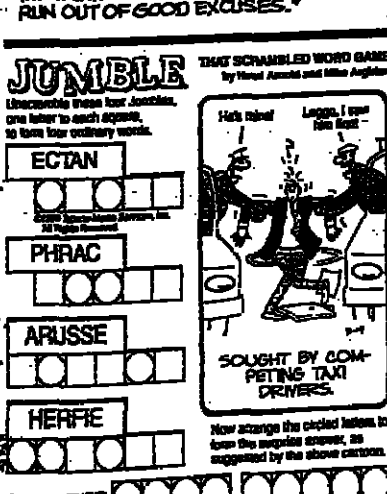
**In games reported in late editions, Monday:**

No. 14 Kentucky 76, No. 22 Arkansas 63 In Atlanta, Kentucky beat Arkansas to capture the Southeastern Conference tournament.

Kentucky (25-8), the defending national champion, had not lost eight games in a season since the 1989-90 season. But, in the tournament, it upset No. 4 Auburn in the semifinals before wearing down Arkansas in the final.

No. 1 Duke 99, No. 15 North Carolina 73 In Charlotte, North Carolina, Duke (32-1) beat North Carolina in the Atlantic Coast Conference title game, completing an unbeaten run through the ACC regular season and postseason. (AP, WF)

DENNIS THE MENACE

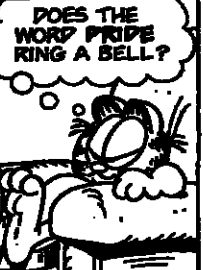
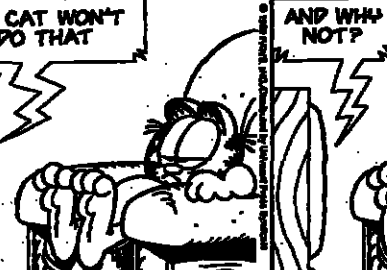


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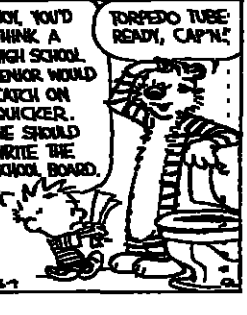
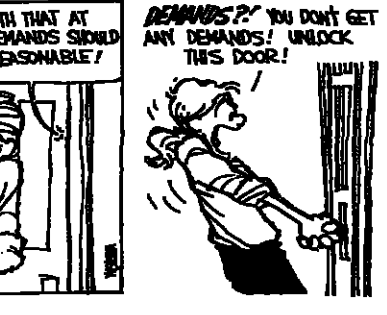
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## ART BUCHWALD

## Turning the Tables

NEW YORK — You've seen the Barbara Walters interview with Monica Lewinsky. Now you can read the book. America's most famous intern tells a lot more than we know already. Whether it's more than we really want to know is up to the special prosecutor's office.

The villain of her book is not President Bill Clinton but Ken Starr. For the first time we have Monica's version of what happened the fateful day that Starr's staff kidnapped her and held her hostage at the Ritz Carlton Hotel in Virginia.

It was not the love fest Starr has always maintained it was. The special prosecutor's staff, according to Monica, would not let her call a lawyer or her mother. They told her she would get 27 years in the slammer for refusing to cooperate in Starr's efforts to assassinate the president.

Starr has had complete control over what Monica says, but his gag order apparently did not apply to the book.

What makes this a continuing soap opera is that now Starr is being investigated by the Justice Department for the way he handled his investigation. If it is discovered that Starr perjured himself, then he could be impeached as President Clinton was.

If the Justice Department pursues a high crime or misdemeanor, it would mean that a new special prosecutor would have to be appointed to investigate the present prosecutor.

The first order of business would be to lock Starr up in a suite at the Ritz Carlton and refuse to let him call his lawyer or his mother. The second thing would be to threaten Starr with 27 years of jail time if he refuses to admit that he was involved in phone sex.

Starr did a good job on his investigation leading the country on the hunt from Whitewater to a sex scandal. But the law is the law, and no one is above it, whether you live in Maryland or in the White House.

I hope my scenario does not happen. But don't get mad at me. It was Ken Starr who invented Monica, not me.

## Alabama's Bloody Sunday

The Associated Press

SELMA, Alabama — About 1,500 people made their way across the Edmund Pettus Bridge in remembrance of the clash between Alabama state troopers and civil rights marchers here more than 30 years ago.

"I enjoy repeating history," said James Armstrong, who was there for the original crossing on March 7, 1965 — a day that came to be known as Bloody Sunday. "I hope the young folks get something out of it."

Also among the marchers Sunday were a delegation from the U.S. Congress, led by Representative John Lewis of Georgia, and Coretta Scott King, widow of the slain civil rights leader Martin Luther King Jr. Lewis led the 1965 walk across the bridge, in which marchers were beaten and tear-gassed by state troopers.

## The Enigmatic Odyssey of Stanley Kubrick

By Stephen Hunter

Washington Post Service

WASHINGTON — "Across the gulf of space, minds that are to our minds as ours are to those of the beasts that perish, intellects vast and cool and unsympathetic, regarded this earth with envious eyes."

Those happen to be from the first lines of H.G. Wells' "War of the Worlds," but they could serve equally well as an epitaph for the great director Stanley Kubrick, who died Sunday in London of undetermined causes at the age of 70, leaving a filmography at once mysterious, beautiful and dispiriting.

Kubrick was an intellect vast and cool and unsympathetic who spent a lifetime seeming to observe life on Earth as if from an alien planet. He may have been an alien himself, though conventional sources give his place of birth as the Bronx, in 1928, and the same sources claim he had parents, an actual boyhood, an apprenticeship as a photographer and a few low-budget crime films in the '50s.

You don't have to have a mind corrupted by "The X-Files" to regard that as a cover story. His movies seem to observe mankind from orbit as a pathetic race of antlike scurriers engaged in this or that species of violent folly — war was a particular favorite, sexual dysfunction another — while busily unaware that the future approaches, a future soulless and violent, and with it a great disillusionment.

He was capable of making comedy about the end of the world, in which atomic mushroom clouds detonate in musical syncopation to the schmalzy tune "We'll Meet Again," and most of humanity is subsumed in the fire and ash of its own hysterical self-destruction. That was his view of man: idiots who could build an atomic bomb and were helpless to keep it from blowing up but wrote good cheap music. It wasn't a cheery view, unless you were sitting in the audience, taken by the chilly spectacle of it all.

That chorus of bombs bursting in air signifying that at the end of the night we were not there is a montage, of course, from "Dr. Strangelove, or: How I Learned to Stop Worrying and Love the Bomb," a collaboration with Terry Southern and Peter George (on whose straightforward novel "Red Alert" the film was based). It catapulted Kubrick to fame in 1964. But he was already far from unknown, and his reputation as an aloof perfectionist who cared nothing about anything except the end result preceded him.

Ken Adam, who designed the brilliant sets



Stanley Kubrick, in a photo taken in 1988. His successes were few and genuine.

for "Dr. Strangelove," said that the only way he could survive his relationship with the director was on tranquilizers. And Kubrick was brutal on actors.

A photographer for Look magazine at a precocious age of 17, Kubrick jumped into independent filmmaking in the mid-'50s with two taut urban thrillers, "Fear and Desire" (1953) and "The Killing" (1956). These brought him Hollywood attention, and his first big film was produced by star Kirk Douglas, "Paths of Glory," about an injustice in the French Army during World War I. In many ways it was more Douglas's film than Kubrick's, but the film's point of view, its most salient and memorable quality, was purely Kubrickian: War was a giant

anthill that dwarfed the poor soldiers who attempted to take it, killing them, shell-shocking them or turning them into victims of their own stupid, murderous officers. Kubrick took over for Anthony Mann during the shooting of Douglas's production of "Spartacus" (1960). Again, the movie is more Douglas than Kubrick. But it was a hit, and it did much to provide him with the independence that allowed his career to flourish. He didn't want to fight for control or vision. His quest for perfection was so intense that he ultimately sealed himself off in a world of his own devising in England,

where he made films inconspicuously set in the United States, Vietnam and outer space.

His next film was a controversial version of another maverick's novel, Vladimir Nabokov's "Invitation to a Beheading," which met with mixed reception in 1962. But "Strangelove," that still-brilliant meditation on man's tendencies toward self-incineration, arrived in 1964. It must be said that as an object of lampoon, the think-tank mantra of Mutually Assured Destruction, which underlay American and Soviet nuclear thought, provided endless comic possibilities, which Kubrick exploited brilliantly. It was a great American movie, and one can throw it in the VCR any night of the week and spend a delirious two hours.

Kubrick's next film was four long years in the making, and some MGM executives wondered if the title actually indicated the release date: "2001: A Space Odyssey." It starred a computer, named HAL, in many ways one of Kubrick's most interesting characters. This was the seminal '60s movie event, which was nothing less ambitious than an assault on one of mankind's most cherished achievements: the narrative.

Kubrick used the film to deconstruct the artificiality of story and to define the limits of human intelligence. Essentially an account of mankind's first contact with aliens (who,

like Wells's Martians, had been watching us for some time and subtly influencing us), it follows a deep-space mission tracking signals that will lead us to The Other. No cuddly E.T. for Kubrick; rather, Kubrick's alien was so far beyond human understanding that it made no sense. The movie ends in a hellscape of visual pyrotechnics as the world of human logic has been left far behind.

His later movies, so slow in the birthing, were always an event and, sadly, usually a disappointment. His controversial "Clockwork Orange" (1971), derived from the Anthony Burgess novel, was as dazzling as it was repellent. "Barry Lyndon" (1975) never came alive, although its flickery re-creation of the 18th century was majestic. There was "The Shining" of 1980, in which Jack Nicholson was allowed to froth so powerfully that he eventually overcame what was a too-respectful version of a Stephen King novel.

Even the masterpiece "Full Metal Jacket" baffled as many as it pleased. He shot it in England, in a deserted and crumbling gasworks that, with a few shattered palm trees thrown in, made a fairly good replica of the imperial city of Hue during the Marine assault on that Vietnamese hellhole at the end of the Tet offensive.

The movie was in three parts: an account of boot camp at Parris Island, dominated by a demonic yet wise sergeant (ex-Marine drill sergeant R. Lee Ermey); a kind of second-rate magical mystery tour of Nam, and a final, embittered account of a patrol on the far banks of the Perfume River, where Matthew Modine's squad is assailed by a marksman who takes the boys down one by one until, finally and terrifyingly, they take him down; except the marksman is a woman.

Since then he was rumored to be active on many projects, but finally committed himself three years back to a psychosexual thriller called "Eyes Wide Shut," based on a 1926 Arthur Schnitzler novella called "Dream Story." He began filming in November 1996 and wrapped last June, a process made longer and more difficult by a few 40- to 50-take shots. The movie, starring Tom Cruise and Nicole Kidman, is set for release July 16. A large part of his legacy will rest on its reception.

His successes were few but so genuine that they intimidated Hollywood into giving him unprecedented control over his projects, which the studios (Warner Bros. was the last one) seemed grateful to release and terrified to tinker with. In the end, his greatest triumph was a triumph of the will.

## PEOPLE



Kirk Douglas accepting his achievement award, with Janet Leigh.

SELLING "Seinfeld" into television syndication proved to be a bonanza for its star, Jerry Seinfeld, helping him to become the top-earning celebrity in 1998, according to Forbes magazine. Seinfeld and his collaborator, Larry David, earned \$267 million and \$242 million, respectively, from the \$1.7 billion sale of the recently ended sitcom. The director and producer Steven Spielberg is third on the list, with \$175 million, followed by the talk-show host Oprah Winfrey, with \$125 million, and the "Titanic" director, James Cameron, with \$115 million. Rounding out the top 10 are the actor Tim Allen (\$77 million), the recently retired basketball player Michael Jordan (\$69 million), the writer and director Michael Crichton (\$65 million), the actor Harrison Ford (\$58 million) and the Rolling Stones (\$57 million). Forbes created estimates based on figures compiled from interviews with attorneys, managers, agents, and executives.

The Screen Actors Guild named

Roberto Benigni as best lead actor for his role in "Life Is Beautiful" and Gwyneth Paltrow received the best actress award, which she dedicated to her mother, the actress Blythe Danner. Paltrow, who won for her role in "Shakespeare in Love," has already won a Golden Globe for her performance. Kathy Bates and Robert Duvall were honored for supporting roles. Bates as the politically savvy campaign troubleshooter in "Primary Colors," and Duvall, the tough, baseball-loving corporate attorney in "A Civil Action." Kirk Douglas was given the guild's Lifetime Achievement Award.

Britain's Prince Edward is not inviting Camilla Parker Bowles, the mistress of his eldest brother, Prince Charles, to his wedding in June so as not to upset their mother, Queen Elizabeth II. The Sun tabloid reported. Edward, Queen Elizabeth's youngest son, is to marry Sophie Rhys-Jones in Saint George's Chapel at Windsor Castle on June 19.

Prime Minister John Howard lashed out at the residents of an Australian beach who turned away "Baywatch." The producers of the American TV series decided to move from the proposed site at Avalon Beach, north of Sydney, to the Gold Coast in Queensland after protests by the community at

Avalon. Reports from the United States said the show might even be filmed in Hawaii. "Ultimately, that opportunity for more jobs and new investment, and I guess a further exposure of a part of our society, a part of our beautiful beaches, to the world is lost," Howard told Australian Broadcasting Corp. radio.

## Monica Lewinsky Signs Her Book in London

Agence France-Press

LONDON — With an extrovert flourish of her fountain pen and a curt "thank you," Monica Lewinsky on Monday started promoting her biography, "Monica's Story," in the normally genteel surroundings of Harrods, London's top department store.

The former White House intern braved a blitz of camera flashes and the stares of hundreds of people who had lined up from early morning for a glimpse of, and maybe even a word with, the woman who nearly brought down a president.

For 15 long minutes she smiled nervously as the cameras flashed away, only later to rush away red-eyed, perhaps because of the merciless flashguns. Twenty minutes later she was back again to finish the book-signing session.

Most of the 300 people crowded inside the store, the first since 6:30 A.M., admitted they probably would not even read the book, authored by Andrew Morton.



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